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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Realord Group Holdings Limited.

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### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE BY MANUREEN HOLDINGS LIMITED**

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



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Capitalised terms used on this cover shall have the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 14 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 39 of this circular.

A notice convening the SGM to be held at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Monday, 30 March 2015 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be) or the poll concerned. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) or the poll concerned should you so wish.

12 March 2015

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted at any time between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for normal banking business
“Company”	Realord Group Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1196)
“Completion”	completion of the Subscription in accordance with the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Announcement”	the announcement of the Company dated 16 January 2015 in relation to, among other things, the possible private placing of the Shares to MHL
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue, established to advise the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “New Spring Capital”	New Spring Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than MHL and its associates and other Shareholders who are interested or involved in the Subscription
“Last Trading Day”	28 January 2015, being the last full trading day before the release of the Second Announcement
“Latest Practicable Date”	10 March 2015, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MHL”	Manureen Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the controlling Shareholder
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Second Announcement”	the announcement of the Company dated 28 January 2015 in relation to, among other things, the Subscription
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to authorise the Directors to allot and issue the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by MHL pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 28 January 2015 entered into between the Company and MHL in relation to the Subscription

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## DEFINITIONS

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“Subscription Price”	the subscription price of HK\$1.40 per Subscription Share
“Subscription Shares”	the 360,000,000 new Shares to be allotted and issued by the Company to MHL pursuant to the Subscription Agreement
“AUD”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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## LETTER FROM THE BOARD

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**偉祿集團控股有限公司**  
**REALORD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1196)**

*Executive Directors:*

Mr. Lin Xiaohui  
Madam Su Jiaohua  
Mr. Lin Xiaodong

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Yu Leung Fai  
Mr. Fang Jixin  
Dr. Li Jue

*Head office and principal place  
of business in Hong Kong:*

Suites 2403-2410  
24/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

12 March 2015

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE  
BY MANUREEN HOLDINGS LIMITED**

**INTRODUCTION**

On 28 January 2015, the Company and MHL entered into the Subscription Agreement pursuant to which MHL conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 360,000,000 Subscription Shares at the Subscription Price of HK\$1.40 per Subscription Share.

The purpose of this circular is to provide you with, among other things, (i) details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement; and (iv) the notice convening the SGM at which resolution will be proposed to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

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## LETTER FROM THE BOARD

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### THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below.

#### Date

28 January 2015

#### Parties

Issuer: the Company

Subscriber: MHL

As at the date of the Subscription Agreement, MHL was the controlling Shareholder holding 423,337,518 Shares, representing approximately 53.30% of the existing issued share capital of the Company, and was therefore a connected person of the Company. MHL is owned as to 70% by Mr. Lin Xiaohui and as to 30% by Madam Su Jiaohua, both are executive Directors.

The principal business activity of MHL is investment holding.

#### The Subscription

Pursuant to the Subscription Agreement, MHL conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 360,000,000 Subscription Shares at the Subscription Price of HK\$1.40 per Subscription Share.

#### Subscription Price

The Subscription Price of HK\$1.40 per Subscription Share was determined after arm's length negotiations between the Company and MHL taking into account, among other things, (i) the market prices of the Shares before the date of the First Announcement; (ii) the prevailing market condition; and (iii) the unaudited consolidated net asset value of the Group as at 30 September 2014 and the effect of the rights issue completed on 14 October 2014 (details of which are disclosed in the prospectus of the Company dated 18 September 2014).

The Subscription Price of HK\$1.40 per Subscription Share represents:

- (i) a discount of approximately 20.5% to the average closing price per Share as quote on the Stock Exchange over the last 30 trading days up to and including the date of the First Announcement of approximately HK\$1.76 per Share;
- (ii) a discount of approximately 19.1% to the average closing price per Share as quote on the Stock Exchange over the last 60 trading days up to and including the date of the First Announcement of approximately HK\$1.73 per Share;
- (iii) a discount of approximately 57.3% to the closing price of HK\$3.28 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

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## LETTER FROM THE BOARD

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- (iv) a discount of approximately 52.4% to the closing price of HK\$2.94 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 42.4% to the average closing price per Share as quoted on the Stock Exchange over the last 5 trading days up to and including the Last Trading Day of approximately HK\$2.43 per Share;
- (vi) a discount of approximately 36.7% to the average closing price per Share as quoted on the Stock Exchange over the last 10 trading days up to and including the Last Trading Day of approximately HK\$2.21 per Share;
- (vii) a discount of approximately 26.3% to the average closing price per Share as quoted on the Stock Exchange over the last 30 trading days up to and including the Last Trading Day of approximately HK\$1.90 per Share;
- (viii) a discount of approximately 23.1% to the average closing price per Share as quoted on the Stock Exchange over the last 60 trading days up to and including the Last Trading Day of approximately HK\$1.82 per Share;
- (ix) a premium of approximately 536.4% over the unaudited net asset value of approximately HK\$0.22 per Share as at 30 September 2014 (based on the unaudited consolidated net assets of the Group of approximately HK\$175,212,000 as at 30 September 2014 as shown in the Company's interim report for the six months ended 30 September 2014 and 794,191,398 Shares in issue as at the date of the Second Announcement); and
- (x) a premium of approximately 233.3% over the unaudited adjusted net asset value of approximately HK\$0.42 per Share as at 30 September 2014 (based on the unaudited consolidated net assets of the Group of approximately HK\$175,212,000 as at 30 September 2014 as shown in the Company's interim report for the six months ended 30 September 2014 and adjusted by the net proceeds from the rights issue completed on 14 October 2014 of approximately HK\$155,838,000 (details of which are disclosed in the prospectus of the Company dated 18 September 2014), and 794,191,398 Shares in issue as at the date of the Second Announcement).

The Board noted that the Share price has recently surged since the date of the First Announcement. The Company and MHL negotiated for the terms of the possible Subscription around the date of the First Announcement and made reference to the then prevailing market price. The Board considers that the fluctuation in Share price subsequent to the release of the First Announcement may be due to market reaction to the news and thus it is reasonable to eliminate the short term effect in determining the basis of the Subscription Price. In order to eliminate the effects of any short term fluctuations in the trading pattern of the Shares on the Stock Exchange, the Company and MHL made reference to the market prices of the Shares preceding the date of the First Announcement in determining the Subscription Price. The Subscription Price represents (i) a discount of approximately 20.5% to the average closing price per Share as quoted on the Stock Exchange over the last 30 trading days preceding the date of the First Announcement of approximately HK\$1.76 per Share; and (ii) a discount of approximately 19.1% to the average closing price per Share as quote on the Stock Exchange over the last 60 trading days up to and

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## LETTER FROM THE BOARD

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including the date of the First Announcement of approximately HK\$1.73 per Share. Moreover, during the course of negotiation on the terms of the Subscription Agreement, both of the Company and MHL considered that taking a longer trading period to compare the Share price would give a more meaningful reference in determining the Subscription Price.

As disclosed above, in determining the Subscription Price, the Company and MHL made reference to, among other things, (i) the market prices of the Shares before the date of the First Announcement; and (ii) the unaudited consolidated net asset value of the Group as at 30 September 2014 and the effect of rights issue completed on 14 October 2014. The Board considers making reference to the Company's net asset value per Share in determining the Subscription Price relevant on the basis that the net asset value per share of a company reflects the book value of the assets less the liabilities of such company while the market prices of a company's shares are highly influenced by supply and demand forces. In determining whether to invest in a company's shares, it is not uncommon for an investor to assess (i) the value of the underlying assets of a company by making reference to the net asset value per share; and (ii) the recent trading market prices of a company's shares. Based on the above, the Directors consider that the net asset value per Share, which would not be influenced by supply and demand forces in the securities trading market, is commonly used to assess the value of the Company in addition to making reference to the market prices of the Shares.

Although the Subscription Price represents a discount to the Company's recent average closing price per Share, the Directors believe that the discount is reasonable taking into account (i) the Group had incurred losses for the year ended 31 March 2014 and the six months ended 30 September 2014; (ii) the Subscription Price represents (a) a premium of approximately 536.4% over the Group's unaudited net asset value of approximately HK\$0.22 per Share as at 30 September 2014; and (b) a premium of approximately 233.3% over the Group's unaudited adjusted net asset value of approximately HK\$0.42 per Share as at 30 September 2014 after adjusted by the effect of the rights issue; and (iii) the average daily trading volume of the Shares for the last 60 trading days up to and including the Last Trading Day were approximately 10,500,000 Shares, representing approximately 1.32% of the total number of the outstanding Shares as at the Latest Practicable Date. Having considered the low trading volume of the Shares and the number of Subscription Shares to be issued under the Subscription, the Board considers that it would be difficult for the Company to conduct equity fund raising activities to raise the proposed fund with independent investors. As such, the Directors consider that the discount of the Subscription Price to the recent trading price of the Shares as mentioned above to be justifiable.

### Subscription Shares

As at the Latest Practicable Date, the Company had 794,191,398 Shares in issue. Assuming that there is no change in the issued share capital of the Company other than the allotment and issuance of the Subscription Shares since the Latest Practicable Date up to Completion, the 360,000,000 Subscription Shares represent (i) approximately 45.33% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 31.19% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$36,000,000.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with all the Shares in issue as at the date of Completion.

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## LETTER FROM THE BOARD

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The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the SGM.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Conditions precedent**

Completion is conditional upon:

- (a) the passing of the necessary resolution(s) to approve the allotment and issuance of the Subscription Shares and the transactions contemplated under the Subscription Agreement (including the obtaining of the Specific Mandate to allot and issue the Subscription Shares) by the Independent Shareholders at the SGM by way of poll;
- (b) the Company having obtained all necessary consents in relation to the transactions contemplated under the Subscription Agreement, including but not limited to such consent (if appropriate or required) from the Stock Exchange, and having made and/or obtained all relevant filings or documents with any relevant governmental or regulatory authorities and other relevant third parties which are required or appropriate for the entering into and the implementation of the Subscription Agreement;
- (c) the Company having obtained the approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and such approval not having been revoked before the allotment and issuance of the Subscription Shares;
- (d) the Shares remaining listed and traded on the Stock Exchange from the date of the Subscription Agreement up to Completion (save for any temporary suspension of trading in the Shares (i) for not more than 15 consecutive trading days; (ii) for the purpose of complying with the Listing Rules in connection with the transactions contemplated under the Subscription Agreement; or (iii) for such longer period as may be accepted by MHL in writing); and
- (e) the warranties given by the Company under the Subscription Agreement remaining true and accurate in all material respects from the date of the Subscription Agreement up to any time before Completion.

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## LETTER FROM THE BOARD

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MHL may at any time waive in writing the conditions set out in (d) and (e) above. In the event that the above conditions are not fulfilled or waived (as the case may be) at or before 5:00 p.m. on the date falling six months from the date of the Subscription Agreement (or such later date as may be agreed by the parties in writing), the Subscription Agreement shall lapse, and the parties shall have no further obligations towards each other except for any antecedent breach by the parties and the confidentiality obligations thereunder and certain incidental provisions. As at the Latest Practicable Date, the conditions set out in (a), (b) and (c) had not been fulfilled, no notice had been received from MHL as to non-fulfillment or waiver of the conditions set out in (d) and (e) and the Company was not aware of any matter which would render the conditions set out in (d) and (e) being unable to be fulfilled up to Completion.

### Completion

Completion shall take place on the third Business Day following the fulfillment or waiver (as the case may be) of all the conditions set out above (or such other date as the Company and MHL may agree in writing).

**Completion is subject to the satisfaction of the conditions set out in the paragraph headed “Conditions precedent” above. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issuance of the Subscription Shares:

Shareholders	As at the Latest Practicable Date		Immediately after the allotment and issuance of the Subscription Shares (note 1)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
MHL (note 2)	423,337,518	53.30	783,337,518	67.87
Public Shareholders	370,853,880	46.70	370,853,880	32.13
<b>Total</b>	<b>794,191,398</b>	<b>100.00</b>	<b>1,154,191,398</b>	<b>100.00</b>

*Notes:*

1. Assuming that there is no change in the issued share capital of the Company other than the allotment and issuance of the Subscription Shares since the Latest Practicable Date up to Completion.
2. MHL is owned as to 70% by Mr. Lin Xiaohui and as to 30% by Madam Su Jiaohua, both are executive Directors.

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## LETTER FROM THE BOARD

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### EQUITY FUND RAISING ACTIVITIES OVER THE PAST 12 MONTHS

Date of announcement	Equity fund raising activities	Net proceeds and intended use	Actual use of proceeds
27 August 2014	Rights issue of 158,838,279 rights shares at the subscription price of HK\$1.00 each on the basis of one rights share for every four then existing Shares	The net proceeds of approximately HK\$155.8 million are intended to be applied (i) as to approximately HK\$10 million for the funding and further development of the Group's existing businesses; (ii) as to approximately HK\$90 million for funding and development of the Group's future businesses; and (iii) as to approximately HK\$55.8 million as the general working capital of the Group.	Approximately HK\$7.0 million has been used for funding and further development of the Group's existing businesses; approximately HK\$24.0 million has been used for general working capital of the Group; and approximately HK\$124.8 million has not yet been utilised.

Save as disclosed above, the Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

### REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in (i) commercial printing; (ii) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags; and (iii) sale and distribution of motor vehicle parts.

As stated in the interim report of the Company for the six months ended 30 September 2014, for the purpose of sustaining long term growth, the Directors will keep on exploring all potential opportunities to develop the business of the Company. After completion of the general offer on 18 July 2014, the Board has reviewed the existing operations of the Group and recently formed a joint venture company which engaged in distribution and sales of motor vehicle parts (details of which are set out in the announcement of the Company dated 18 August 2014) and in the process of acquiring a securities brokerage company in Hong Kong (details of which are set out in the announcement of the Company dated 12 November 2014). In order to broaden the Group's business portfolio as well as its income stream and increase the Shareholders' value, the Group has been actively exploring other investment opportunities. With the extensive experience of Mr. Lin Xiaohui and Madam Su Jiahua, both executive Directors, in real estate investment, the Board considers that the possible acquisition of the real estate projects would provide prime opportunities for the Group to achieve such goals. As disclosed in the First Announcement, the Company was in discussion with several independent third parties regarding possible acquisitions of certain real estate projects in Hong Kong, Australia and the People's Republic of China. As at the Latest Practicable Date, the discussions for the possible acquisitions were still on-going. No binding agreement in relation to any of the aforesaid possible acquisitions has been entered into by the relevant parties. In the event that any of the possible acquisitions materialises, the Company will make further announcement(s) as and when appropriate pursuant to the requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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Based on the unaudited consolidated management accounts of the Group as at 30 November 2014, the aggregate balance of the cash and bank balances and current liabilities of the Group were approximately HK\$194.3 million and HK\$28.0 million respectively. In anticipation of the possible acquisitions and business development of the Group, the Directors acknowledge the need for the Group to build up its war chest for future investment before it could embark on any negotiations with any serious potential seller. The Company considers the Subscription could strengthen its capital base and allow it to capture potential acquisitions and investment opportunities as and when they arise. As at the Latest Practicable Date, the Group was considering investment in the following potential projects (the “**Potential Projects**”):

- (i) acquisition of a piece of land in the State of Victoria in Australia with an area of approximately 50 square kilometres with an initial asking price of approximately AUD80 million (equivalent to approximately HK\$482 million, based on the exchange rate of AUD1 = HK\$6.02);
- (ii) acquisition of a piece of land in Hong Kong with a gross area of approximately 40,000 square feet with an initial asking price of approximately HK\$280 million;
- (iii) acquisition of a piece of land (together with the buildings thereon) in Guangdong Province, the PRC with land area of approximately 12,000 square metres with an initial asking price in a range of approximately RMB500 million to RMB550 million (equivalent to approximately HK\$620 million to HK\$682 million, based on the exchange rate of RMB1 = HK\$1.24); and
- (iv) acquisition of a piece of land in Guangdong Province, the PRC with an area of approximately 120,000 square metres with an initial asking price in a range of approximately RMB300 million to RMB350 million (equivalent to approximately HK\$372 million to HK\$434 million, based on the exchange rate of RMB1 = HK\$1.24).

During the course of negotiation, the Company is given to understand that the potential sellers expect the Company to provide fund proof before entering into of a formal sale and purchase agreement, and it is generally required to make immediate down payment for the potential acquisitions upon entering into of the formal sale and purchase agreement. The estimated immediate down payment would be approximately 10% to 20% of the total consideration of the relevant project, whereas the actual amount was still subject to the negotiation between the Company and the relevant parties. The Company intends to invest in one or more of the Potential Projects in order to broaden the Group’s business portfolio, but the Company does not expect to invest in all the Potential Projects taking into account the significant aggregate investment amount of up to approximately HK\$1,878 million. Having considered (i) the size of the Potential Projects (ranging from approximately HK\$280 million to approximately HK\$682 million); (ii) the financial resources available to the Group; (iii) the working capital requirements of the Group; and (iv) the need for the Group to build up its war chest for future investment, the Company considers the size of the Subscription is fair and reasonable, despite that approximately HK\$124.8 million from the proceeds of the rights issue has not yet been utilised.

The Board has considered and compared feasibilities of other fund raising alternatives for the Group, such as placement of new Shares to independent investors, rights issue, open offer, debt financing and bank borrowings. As regards the viability of a rights issue or an open offer, given that there was a change of control of the Company in July 2014 and the Group had incurred losses for the year ended 31 March 2014 and the six months ended 30 September 2014, the Directors consider that it would be difficult to identify an independent underwriter which is interested to underwrite a rights issue or an open offer of the Company to raise the proposed amount of funds as the Company would be unable to demonstrate to

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## LETTER FROM THE BOARD

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potential investors or underwriter(s) a proven track record for a considerable period of time. The Directors also consider that even if such an independent underwriter were identified, the rights issue or open offer would incur costly underwriting commission and the process would be relatively time consuming. As regards debt financing and bank borrowings, the Directors consider that they would increase the gearing level of the Group, and the interest expenses and finance costs would impose additional financial burden to the Group's future cash flow. Hence, such fund raising method is currently not the most appropriate method to the Group. The Directors are of the view that the Subscription will provide an opportunity to the Group to raise additional capital for the ongoing and future development of its businesses in a cost efficient manner without imposing any interest burden or finance costs on the Group or deteriorating the gearing position of the Group. Taking into account the benefits and cost of each of the alternatives, the Board considers that the Subscription is in the interests of the Company and the Shareholders as a whole as it would not impose any interest burden or finance costs to the Group and increase the gearing level of the Group.

The Directors believe that the Subscription reflects the confidence and commitment of MHL, the controlling Shareholder, towards the long-term and sustainable development of the Company, and that the continuing support of the controlling Shareholder is crucial to the long-term development of the Group. As such, the Company considers MHL as a suitable subscriber in this share subscription exercise.

In view of the above, the Directors consider that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms and the Subscription is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription amount to HK\$504 million and the net proceeds from the Subscription after deducting related fees and expenses are estimated to be approximately HK\$503 million. Accordingly, the net subscription price per Subscription Share is estimated to be approximately HK\$1.40. The Group intends to apply the net proceeds from the Subscription to finance the potential acquisition of certain real estate projects. In the event that none of the Potential Projects materialise, the Company will explore other investment opportunities and make further announcement(s) as and when appropriate.

### LISTING RULES IMPLICATIONS

MHL is the controlling Shareholder and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll. MHL and its associates, holding 423,337,518 Shares (representing approximately 53.30% of the issued share capital of the Company as at the Latest Practicable Date), shall abstain from voting in respect of the resolution approving the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue, has been established to advise the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder. New Spring Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

As Mr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong (brother of Mr. Lin Xiaohui) are considered to have a material interest in the transactions contemplated under the Subscription Agreement, they have abstained from voting on the Board resolution for approving the Subscription Agreement and the transaction contemplated thereunder.

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## LETTER FROM THE BOARD

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### SGM

The notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee) consider that the Subscription is on normal commercial terms but is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Your attention is drawn to the letter from the Independent Board Committee as set out on page 14 of this circular which contains its recommendation to the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder (including the grant of the Specific Mandate), and the letter from New Spring Capital as set out on pages 15 to 39 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

### ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of the Board  
**Realord Group Holdings Limited**  
**Lin Xiaohui**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.*



### CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE BY MANUREEN HOLDINGS LIMITED

12 March 2015

*To the Independent Shareholders*

Dear Sir or Madam,

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable insofar as the Independent Shareholders are concerned. New Spring Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect. Details of the Subscription Agreement have been set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 12 March 2015 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

#### RECOMMENDATION

Having considered the terms of the Subscription Agreement and the advice and recommendation of the Independent Financial Adviser in relation to the Subscription as set out on pages 15 to 39 of the Circular, we are of the opinion that the Subscription is on normal commercial terms but is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully

For and on behalf of

**Independent Board Committee**

**Mr. Yu Leung Fai**

*Independent*

*non-executive Director*

**Mr. Fang Jixin**

*Independent*

*non-executive Director*

**Dr. Li Jue**

*Independent*

*non-executive Director*

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## LETTER FROM NEW SPRING CAPITAL

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The following is the text of the letter of advice from New Spring Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Subscription, which has been prepared for the purpose of inclusion in this circular.



**NEW SPRING**  
CAPITAL LIMITED

Unit 2108, China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

12 March 2015

To: *the Independent Board Committee and the Independent Shareholders of  
Realord Group Holdings Limited*

Dear Sir/Madam,

### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE BY MANUREEN HOLDINGS LIMITED**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the transactions contemplated under the Subscription Agreement (including the grant of the Specific Mandate), details of which are set out in the letter from the Board ("**Letter from the Board**") contained in the circular of the Company dated 12 March 2015 ("**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 28 January 2015, the Company and MHL entered into the Subscription Agreement pursuant to which MHL has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 360,000,000 Subscription Shares at the Subscription Price of HK\$1.40 per Subscription Share.

Assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date and up to Completion, the 360,000,000 Subscription Shares represent (i) approximately 45.33% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 31.19% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the SGM.

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## LETTER FROM NEW SPRING CAPITAL

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MHL is the controlling Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders by way of poll. MHL and its associates shall abstain from voting in respect of the resolution approving the Subscription Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue has been established to advise the Independent Shareholders as to (i) whether the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole; and (ii) how to vote at the SGM, after taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice.

In this connection, we, New Spring Capital Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the transaction contemplated under the Subscription Agreement (including the grant of the Specific Mandate). We do not, by this letter, warrant the merits of the Subscription and the transaction contemplated under the Subscription Agreement, other than to form an opinion, for the purpose of the Listing Rules. We are not associated with the Company, MHL and their respective associates (as defined under the Listing Rules), who are interested or involved in the Subscription, and accordingly, are considered eligible to give independent advice in respect of the Subscription and the transaction contemplated under the Subscription Agreement. Apart from normal professional fees payable to us for this appointment, no arrangement exists whereby we will receive any fees or benefits from any party abovementioned.

### **BASIS OF OUR OPINION**

In formulating our opinions and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the management of the Company (the “**Management**”)), and have assumed that all information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the Management) were true, accurate and complete in all respects at the time when they were made and up to the date of this letter. We have also assumed that all statements of belief, opinions and intention made by the Directors in the Circular (or otherwise provided to us by the Directors and the Management) are reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld or omitted, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading.

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## LETTER FROM NEW SPRING CAPITAL

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular (or otherwise provided to us by the Directors and the Management) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular (or otherwise provided to us by the Directors and the Management) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. We consider that we have performed all the necessary steps as required under Rule 13.80 of the Listing Rules to enable us to reach an informed view and to justify our reliance on the information provided and representations made to us so as to form a reasonable basis for our opinions including, among other things:

- (a) reviewed the Second Announcement, the Letter from the Board, the annual reports of the Company for the years ended 31 March 2013 and 31 March 2014 (“**2013 Annual Report**” and “**2014 Annual Report**” respectively) and the interim report of the Company for the six months ended 30 September 2014 (“**2014 Interim Report**”);
- (b) reviewed the Subscription Agreement and other relevant information, documents and/or agreements in relation to the Subscription;
- (c) reviewed the announcements and circulars in relation to the rights issue of the Company completed on 14 October 2014 (the “**2014 Rights Issue**”) and the First Announcement in relation to, among other things, the potential acquisitions (the “**Potential Acquisitions**”) of certain real estate projects in Hong Kong, Australia and the PRC by the Company; and
- (d) discussed with the Directors and the Management regarding, among other things, the reasons and background of the Subscription, the basis of the major terms of the Subscription Agreement, the intended use of proceeds from the Subscription on the Potential Acquisitions by the Group and so forth.

We have not, however, for the purpose of this exercise, conducted any independent detailed verification or audit into the businesses or affairs or future prospects of the Company, its subsidiaries or associates. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date.

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## LETTER FROM NEW SPRING CAPITAL

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations to the Independent Board Committee and the Independent Shareholders with regard to the Subscription and the transaction contemplated under the Subscription Agreement, we have considered the following principal factors and reasons:

#### I. Information of the Group

##### 1.1 Background

The Group is principally engaged in (i) commercial printing; (ii) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags; and (iii) sale and distribution of motor vehicle parts.

##### 1.2 Financial information of the Group

The following table summarises the results of operation and financial positions of the Group for the three years ended 31 March 2014 and the six months ended 30 September 2014:

	For the year ended/as at 31 March			For the six months ended/as at
	2012	2013	2014	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
Revenue	503,780	429,701	524,494	51,050 <i>note</i>
(Loss)/profit before income tax	(8,600)	23,268	(10,050)	(1,813)
<b>(Loss)/profit for the year/period attributable to equity holders of the Company</b>	<b>(12,064)</b>	<b>17,813</b>	<b>(12,444)</b>	<b>(2,883) <i>note</i></b>
Total assets	662,152	679,108	647,146	227,723
Total liabilities	161,749	156,417	161,352	52,511
<b>Net assets</b>	<b>500,403</b>	<b>522,691</b>	<b>485,794</b>	<b>175,212</b>

*Source: 2013 Annual Report, 2014 Annual Report and 2014 Interim Report published by the Company in the website of the Stock Exchange*

*Note: Revenue and (loss)/profit were driven from continuing operations.*

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## LETTER FROM NEW SPRING CAPITAL

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*(i) For the year ended 31 March 2014*

According to 2014 Annual Report, the Group recorded total revenue of approximately HK\$524.5 million for the year ended 31 March 2014, which represented an increase of approximately 22.1% as compared to that of last year of approximately HK\$429.7 million. Gross profit margin of the Group has been slightly decreased to approximately 25.0% for the year under review, as compared to approximately 25.5% of the previous year. The Group recorded a loss attributable to equity holders of the Company of approximately HK\$12.4 million for the year ended 31 March 2014 as compared with a profit attributable to equity holders of the Company of approximately HK\$17.8 million last year. The loss was mainly attributable to the impairment in value of a loan of approximately HK\$17.2 million and write off of certain property which has no real estate certificate, and plant and equipment of approximately HK\$7.5 million and impairment loss of properties, plant and equipment of approximately HK\$9.8 million in the segment of manufacture and sale of paper cartons, packaging boxes and children's novelty books. During the year ended 31 March 2014, the Group established a food and beverage business segment engaging in operations of restaurants in Hong Kong.

*(ii) For the six months ended 30 September 2014*

During the six months ended 30 September 2014, the Group recorded revenue from continuing operations of approximately HK\$51.1 million for the six months ended 30 September 2014, representing an increase of approximately 5.2% compared with the revenue from continuing operations of approximately HK\$48.5 million recorded in the corresponding period ended 30 September 2013. Gross profit margin of the continuing operations of the Group remained stable at approximately 66.5% for the period under review compared with that of corresponding period of 2013 of approximately 66.7%. The Group's profit attributable to equity holders from continuing operations decreased by approximately HK\$7.6 million from the profit of approximately HK\$4.7 million for the six months ended 30 September 2013 to the loss of approximately HK\$2.9 million for the six months ended 30 September 2014. On 20 June 2014, the Group disposed business segments of manufacture and sale of paper cartons, packaging boxes and children's novelty books and food and beverage. The decrease in profit attributable to equity holders from continuing operation was mainly due to the increase in corporate expenses, including increase in legal and professional expenses incurred for the disposal of Brilliant Stage Holdings Limited and increase in rental expenses for the new head office in Hong Kong.

*(iii) Business outlook*

Subsequent to the disposal of business segments of manufacture and sale of paper cartons, packaging boxes and children's novelty books and food and beverage of the Group on 20 June 2014, the principal activities of the Group are commercial printing and manufacture and sale of hangtags, labels, shirt paper boards and plastic bags. During the six months ended 30 September 2014, the Group also set up a company engaged in operations of sales and distribution of motor vehicle parts.

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## LETTER FROM NEW SPRING CAPITAL

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The Group's commercial printing business had revenue increased by approximately 9.7% to approximately HK\$65.4 million for the year ended 31 March 2014 from approximately HK\$59.6 million for the year ended 31 March 2013. The profit from this segment increased from approximately HK\$0.9 million last year to approximately HK\$2.6 million for the year ended 31 March 2014. This segment remained stable with a growth in revenue of approximately 2.8% from approximately HK\$39.9 million for the six months ended 30 September 2013 to approximately HK\$41.1 million for the six months ended 30 September 2014, while the profit from this business segment decreased from approximately HK\$5.4 million to approximately HK\$4.6 million resulting from increase in staff cost during the six months ended 30 September 2014.

The segment revenue in manufacture and sale of hangtags, labels, shirt paper boards and plastic bags decreased by approximately 34.5% to approximately HK\$14.7 million for the year ended 31 March 2014 as compared to that of last year of approximately HK\$22.4 million. However, this segment recorded a slight improvement during the six months ended 30 September 2014. The revenue from this business segment increased to approximately HK\$10.0 million for the period under review from that of the corresponding period of last year of approximately HK\$8.6 million. The increase in revenue was mainly due to increase in orders of hangtags and labels from both existing and new customers. As a result, the Group recorded a moderate increase in profit from this business segment to HK\$0.9 million for the six months ended 30 September 2014 from that of the last corresponding period of approximately HK\$0.7 million.

According to 2014 Interim Report, the Group disposed Brilliant Stage Holdings Limited which included manufacture and sale of paper cartons, packaging boxes and children's novelty books and food and beverage. Therefore, the Group recorded a loss from discontinued operation of approximately HK\$3.7 million, which was arising from the operating loss of approximately HK\$2.5 million and the loss on disposal of Brilliant Stage Holdings Limited of approximately HK\$1.2 million, as compared with the operating profit of approximately HK\$13.0 million for the six months ended 30 September 2013. The decrease was mainly due to the decrease in orders from customers and the inflating cost for the packaging business.

We are advised by the Management that subsequent to the disposal of business segments aforementioned, the remaining business of the Group in commercial printing business and manufacture and sale of hangtags, labels, shirt paper boards and plastic bags contribute thin profits to the Group, despite that the results from both segments were stable during the six months ended 30 September 2014. We note that the commercial printing segment and hangtag segment contributed only HK\$4.6 million and HK\$0.9 million profits for the six months ended 30 September 2014 respectively. As stated in 2014 Interim Report, the Directors consider that the operating environment of the commercial printing and hangtag business will continue to be competitive. In order to achieve sales growth, the Group will enlarge its customer base through strengthening its business development team and implement stringent cost control strategies. We are advised by the Directors that the Company will keep on exploring potential opportunities to develop the business of the Company for the purpose of sustaining long term growth.

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## LETTER FROM NEW SPRING CAPITAL

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### ***1.3 Recent development of the Group***

On 20 June 2014, MHL completed a sale and purchase agreement and acquired 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company as at the date of the sale and purchase agreement. Following the sale and purchase agreement, MHL made a mandatory unconditional cash offer for all of the then issued shares of the Company (other than those already owned or agreed to be acquired by MHL and parties acting in concert with it) pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers. After the completion of the general offer on 18 July 2014, MHL and parties acting in concert with it are interested in an aggregate of 338,670,015 Shares, representing approximately 53.30% of the issued share capital of the Company as at 18 July 2014.

On 27 June 2014, MHL stated in the composite offer document issued jointly by MHL and the Company that MHL will conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, MHL may diversify the business of the Group with the objective of broadening its sources of income.

Accordingly, we note that, on 18 August 2014, under the optimistic view of the Directors, the Company entered into an investment agreement with International Treasure Holdings Limited and Mr. Zhan Jinnan, pursuant to which a joint venture company is to be established to engage in the distribution and sale of motor vehicle parts in Hong Kong and China.

On 12 November 2014, we further note that, the Company entered into a sale and purchase agreement to acquire Manureen Securities Limited from Madam Su Jiaohua, an executive Director. The Company further announced that the Company is currently in discussion with several independent third parties regarding the Potential Acquisitions on 16 January 2015.

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## LETTER FROM NEW SPRING CAPITAL

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### *1.4 Recent equity fund raising activity of the Group*

The following table sets out the equity fund raising activity of the Group over the past twelve months:

<b>Date of announcement</b>	<b>Equity fund raising activities</b>	<b>Net proceeds and intended use</b>	<b>Actual use of proceeds</b>
27 August 2014	Rights issue of 158,838,279 rights shares at the subscription price of HK\$1.00 each on the basis of one rights share for every four then existing Shares	The net proceeds of approximately HK\$155.8 million are intended to be applied (i) as to approximately HK\$10 million for funding and further development of the Group's existing businesses; (ii) as to approximately HK\$90 million for funding and development of the Group's future businesses; and (iii) as to approximately HK\$55.8 million as the general working capital of the Group.	(i) Approximately HK\$7.0 million has been used for funding and further development of the Group's existing businesses; (ii) approximately HK\$24.0 million has been used for general working capital of the Group; and (iii) approximately HK\$124.8 million has not yet been utilised.

As stated in the Letter from the Board, save as disclosed above, the Company had not conducted any equity fund raising activities in the twelve months immediately preceding the Latest Practicable Date.

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## LETTER FROM NEW SPRING CAPITAL

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### II. Principal terms of the Subscription Agreement

Pursuant to the Subscription Agreement, MHL has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 360,000,000 Subscription Shares at the Subscription Price of HK\$1.40 per Subscription Share. The Subscription Shares represent (i) approximately 45.33% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 31.19% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

#### *1.1 Subscription Price*

Referring to the Letter from the Board, the Subscription Price of HK\$1.40 per Subscription Share was determined after arm's length negotiations between the Company and MHL taking into account, among other things, (i) the market prices of the Shares before the date of the First Announcement; (ii) the prevailing market condition; and (iii) the unaudited consolidated net asset value of the Group as at 30 September 2014 and the effect of the 2014 Rights Issue.

In assessing the reasonableness of the Subscription Price, we have reviewed the closing price level and the trading volume of the Shares traded on the Stock Exchange during the twelve months preceding the Last Trading Day and up to the Latest Practicable Date.

We note that the Subscription Price of HK\$1.40 per Subscription Share represents:

- (i) a discount of approximately 20.5% to the average closing price per Share as quoted on the Stock Exchange over the last 30 trading days up to and including the date of the First Announcement of approximately HK\$1.76 per Share;
- (ii) a discount of approximately 19.1% to the average closing price per Share as quoted on the Stock Exchange over the last 60 trading days up to and including the date of the First Announcement of approximately HK\$1.73 per Share;
- (iii) a discount of approximately 52.4% to the closing price of HK\$2.94 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 42.4% to the average closing prices per Share as quoted on the Stock Exchange over the last 5 trading days up to and including the Last Trading Day of approximately HK\$2.43 per Share;
- (v) a discount of approximately 36.7% to the average closing prices per Share as quoted on the Stock Exchange over the last 10 trading days up to and including the Last Trading Day of approximately HK\$2.21 per Share;
- (vi) a discount of approximately 26.3% to the average closing prices per Share as quoted on the Stock Exchange over the last 30 trading days up to and including the Last Trading Day of approximately HK\$1.90 per Share;

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## LETTER FROM NEW SPRING CAPITAL

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- (vii) a discount of approximately 23.1% to the average closing prices per Share as quoted on the Stock Exchange over the last 60 trading days up to and including the Last Trading Day of approximately HK\$1.82 per Share;
- (viii) a discount of approximately 57.3% to the closing price of HK\$3.28 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ix) a discount of approximately 57.6% to the average closing prices per Share as quoted on the Stock Exchange over the last 5 trading days up to and including the Latest Practicable Date of approximately HK\$3.30 per Share;
- (x) a discount of approximately 56.8% to the average of the closing prices of the Share as quoted on the Stock Exchange over the last 10 trading days up to and including the Latest Practicable Date of approximately HK\$3.24 per Share;
- (xi) a premium of approximately 536.4% over the unaudited net asset value of approximately HK\$0.22 per Share as at 30 September 2014 (based on the unaudited consolidated net assets of the Group of approximately HK\$175,212,000 as at 30 September 2014 as shown in 2014 Interim Report and 794,191,398 Shares in issue as at the date of the Second Announcement); and
- (xii) a premium of approximately 233.3% over the unaudited adjusted net asset value of approximately HK\$0.42 per Share as at 30 September 2014 (based on the unaudited consolidated net assets of the Group of approximately HK\$175,212,000 as at 30 September 2014 as shown in 2014 Interim Report and adjusted by the net proceeds from the 2014 Rights Issue of approximately HK\$155,838,000, and 794,191,398 Shares in issue as at the date of the Second Announcement).

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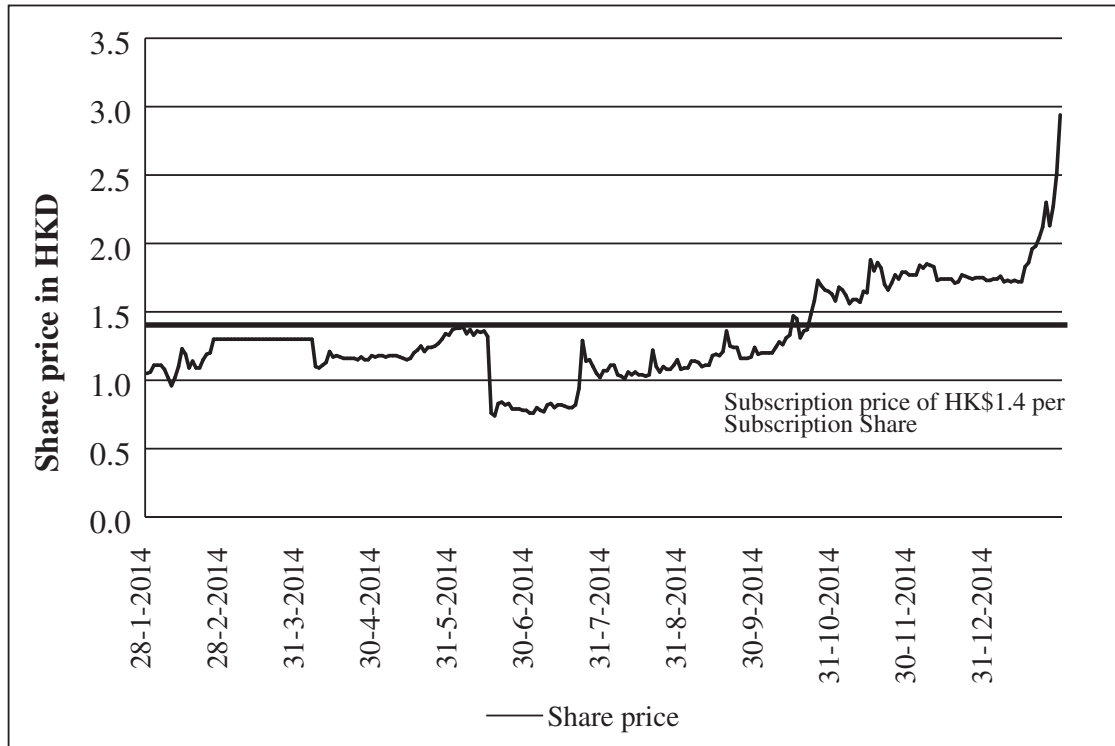
## LETTER FROM NEW SPRING CAPITAL

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(i) *Share price performance*

The chart below shows the daily closing price of the Shares for the twelve-month period commencing from 28 January 2014 up to and including the date of the Second Announcement (“**Review Period**”), which is considered as a commonly used tenure for analysis purpose:

**Share price performance during the Review Period**



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Between 28 January 2014 (being the date of twelve-month prior to the Second Announcement) and 16 January 2015 (being the date of the First Announcement), the Share price remained relatively stable in the range of approximately HK\$0.74 to HK\$2.00 per Share. Subsequent to the First Announcement, when the Potential Acquisitions were announced, the Share price surged immediately and continued rising to a peak closing price of HK\$2.94 per Share on 28 January 2015. During the Review Period, the closing price of the Share was peak at HK\$2.94 per Share on 28 January 2015 and was low at HK\$0.74 per Share on 16 June 2014 and the medium closing price of the Shares during the Review Period was at HK\$1.24 per Share. We further note that around 70% of the daily closing price of the Shares during the Review Period was equal or below the Subscription Price of HK\$1.4 per Subscription Share.

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## LETTER FROM NEW SPRING CAPITAL

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(ii) *Historical trading volume of the Shares*

We set out below the daily trading volume of the Shares and the monthly statistics on the trading volume of the Shares respectively during the Review Period:

### Monthly statistics on the trading volume of the Shares

Month/year	Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume (in Shares)	No. of outstanding Shares (in Shares)	Percentage of average daily trading volume to no. of outstanding Shares (Approximate %)
<b>2014</b>					
January	37,648,300	4	9,412,075	635,353,119	1.48%
February	68,331,200	20	3,416,560	635,353,119	0.54%
March	—	21	—	635,353,119	0.00%
April	157,654,900	22	7,166,132	635,353,119	1.13%
May	58,701,100	22	2,668,232	635,353,119	0.42%
June	71,169,800	21	3,389,038	635,353,119	0.53%
July	248,502,300	23	10,804,448	635,353,119	1.70%
August	98,888,400	21	4,708,971	635,353,119	0.74%
September	152,632,100	22	6,937,823	635,353,119	1.09%
October	317,672,600	23	13,811,852	794,191,398	1.74%
November	192,276,300	20	9,613,815	794,191,398	1.21%
December	170,184,900	23	7,399,343	794,191,398	0.93%
<b>2015</b>					
January (Up to the Last Trading Day)	259,333,500	19	13,649,132	794,191,398	1.72%

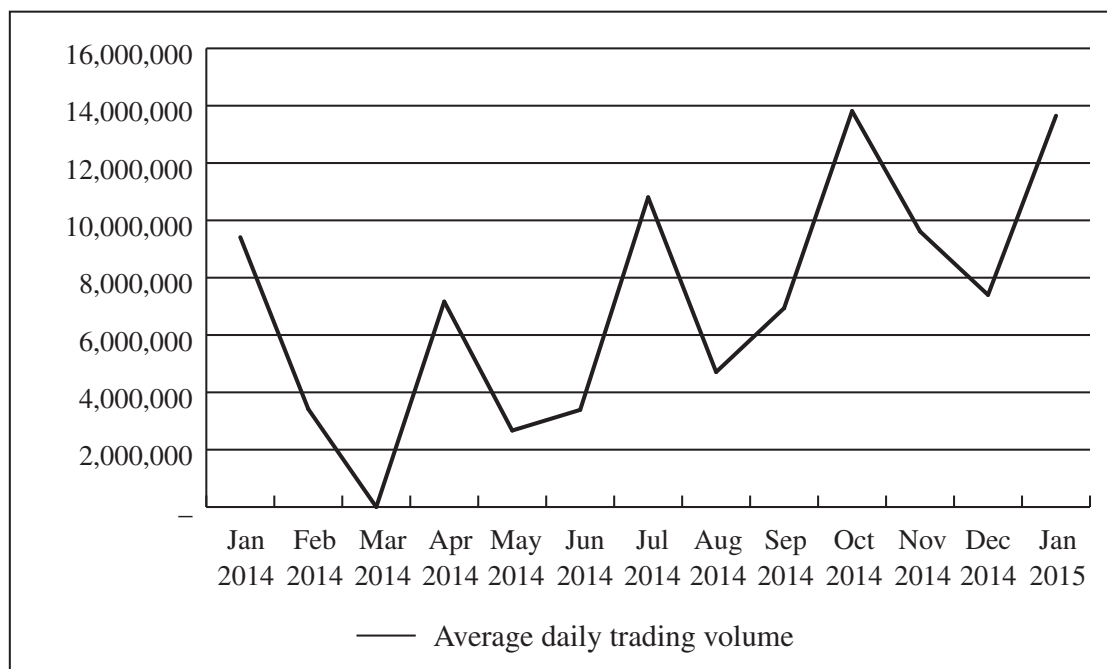
Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM NEW SPRING CAPITAL

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### Total trading volume of the Shares in monthly statistics during the Review Period



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Note: Trading of the Shares in the Stock Exchange was suspended during 25 February 2014 to 3 April 2014.

As shown in the above chart, we note that there is an increasing trend of trading volume after the resumption of trading of the Shares on 4 April 2014. However the average daily trading volume of the Shares as percentage of the total number of the outstanding Shares during the Review Period was still thin which ranged from approximately 0.42% to 1.74% (excluding the trading suspension of the Shares during 25 February 2014 to 3 April 2014).

#### (iii) Comparable analysis

In determining the Subscription Price, we are given to understand that the Company and MHL made reference to, among other things, (i) the market prices of the Shares before the date of the First Announcement; and (ii) the unaudited consolidated net asset value of the Group as at 30 September 2014 and the 2014 Rights Issue.

To assess the fairness and reasonableness of the Subscription Price, we compare the Subscription Price with transactions that are comparable to the Subscription, which are selected with following criteria, including: (i) the transactions involved the subscription/placing of new shares under specific mandates by companies listed on the Stock Exchange; (ii) the subscribers/placees involved in the transactions consist of connected persons (as defined under the Listing Rules) and/or independent third parties to the respective listed companies, both of which we consider appropriate in our analysis since the respective subscription price/issue price was determined after arm's length negotiation between the relevant parties and (iii) the transactions were announced during the six-month period immediately prior to 28 January 2015, being the date

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## LETTER FROM NEW SPRING CAPITAL

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of the Second Announcement as well as the Last Trading Day, where we consider that a six-month period up to and including the Last Trading Day to be representative and meaningful as it reflects the market conditions and sentiments for conducting fund raising activity prior to the Second Announcement while being still recent enough to be relevant to existing Shareholders. Based on the aforesaid criteria, we have identified, under best effort basis, an exhaustive list of nineteen (19) comparable transactions (“**Comparable Transactions**”). We consider the comparable analysis using the aforesaid criteria is reasonable and appropriate. Details of the Comparable Transactions are summarised in the following table:

**Comparable Transactions of listed companies on the Stock Exchange  
in issuing new shares under specific mandate**

<b>Name of company (Stock code)</b>	<b>Date of announcement</b>	<b>(Discount to)/premium over closing price per share on the respective last trading day or on/ immediately prior to the date of relevant agreement (%)</b>	<b>(Discount to)/premium over average closing price per share for the five consecutive trading days up to and including or immediately prior to the date of relevant agreement (%)</b>	<b>(Discount to)/premium over net asset value per share<sup>(1)</sup> (%)</b>
Jun Yang Solar Power Investments Limited (Stock code: 397)	25 August 2014	(12.67%)	(15.87%)	(54.0%)
Perception Digital Holdings Limited (Stock code: 1822)	15 September 2014	(50.00%)	(45.80%)	142.0%
Sound Global Limited (Stock code: 967)	18 September 2014	(9.19%)	(7.32%)	(1.9%)
Bestway International Holdings Limited (Stock code: 718)	25 September 2014	(27.27%)	(25.33%)	702.2%
China Mobile Games and Cultural Investment Limited (Stock code: 8081)	10 October 2014	(5.58%)	(6.86%)	124.7%
Enterprise Development Holdings Limited (Stock code: 1808)	21 October 2014	(10.71%)	(14.68%)	62.2%
Sage International Group Limited (Stock Code: 8082)	24 October 2014	(59.18%)	(56.80%)	(79.1%)

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**LETTER FROM NEW SPRING CAPITAL**

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<b>Name of company (Stock code)</b>	<b>Date of announcement</b>	<b>(Discount to)/premium over closing price per share on the respective last trading day or on/ immediately prior to the date of relevant agreement (%)</b>	<b>(Discount to)/premium over average closing price per share for the five consecutive trading days up to and including or immediately prior to the date of relevant agreement (%)</b>	<b>(Discount to)/premium over net asset value per share<sup>(1)</sup> (%)</b>
Oriental Unicorn Agricultural Group Limited (Stock Code: 8120)	28 October 2014	80.41%	78.94%	(9.6%)
Crown International Corporation Limited (Stock code: 727)	7 November 2014	(24.73%)	(21.70%)	N/A <sup>(2)</sup>
China Bio-Med Regeneration Technology Limited (Stock Code: 8158)	10 November 2014	(9.09%)	(9.75%)	284.6%
National Agricultural Holdings Limited (Stock Code: 1236)	21 November 2014	13.20%	12.90%	922.5%
Sau San Tong Holdings Limited (Stock code: 8200)	17 December 2014	(11.73%)	(14.88%)	(20.1%)
United Photovoltaics Group Limited (Stock code: 686)	18 December 2014	12.36%	12.61%	129.3%
Peking University Resources (Holdings) Company Limited (Stock code: 618)	22 December 2014	(4.41%)	(9.72%)	10.5%
Gemdale Properties and Investment Corporation Limited (Stock Code: 535)	28 December 2014	20.93%	26.83%	(31.2%)
Zebra Strategic Holdings Limited (Stock code: 8260)	29 December 2014	(10.00%)	(19.94%)	195.6%

## LETTER FROM NEW SPRING CAPITAL

Name of company (Stock code)	Date of announcement	(Discount to)/premium over closing price per share on the respective last trading day or on/ immediately prior to the date of relevant agreement (%)	(Discount to)/premium over average closing price per share for the five consecutive trading days up to and including or immediately prior to the date of relevant agreement (%)	(Discount to)/premium over net asset value per share <sup>(1)</sup> (%)
Town Health International Medical Group Limited (Stock code: 3886)	5 January 2015	(19.67%)	(19.41%)	258.2%
China Taifeng Beddings Holdings Limited (Stock Code: 873)	7 January 2015	(26.83%)	(25.86%)	(69.5%)
WLS Holdings Limited (Stock code: 8021)	21 January 2015	(42.31%)	(41.06%)	(6.5%)
	<b>Maximum</b>	<b>80.41%</b>	<b>78.94%</b>	<b>922.5%</b>
	<b>Minimum</b>	<b>(59.18%)</b>	<b>(56.80%)</b>	<b>(79.1%)</b>
	<b>Average</b>	<b>(10.34%)</b>	<b>(10.72%)</b>	<b>142.2%</b>
<b>The Company (Stock code: 1196)</b>	<b>28 January 2015</b>	<b>(52.4%)</b>	<b>(42.4%)</b>	<b>536.4%; and 233.3% (adjusted)</b>

Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

1. The net asset value per share is reference from relevant announcement or calculated based on the net asset value of the respective company published in the latest consolidated accounts available on the date of the announcement, dividing the total number of shares in issued as at the date of the announcement.
2. The company recorded net liabilities in its latest published consolidated account available on the date of relevant announcement.

During the course in analysing the Comparable Transactions, we note that there are two approaches commonly adopted by the market in determining the respective subscription price, being making reference to (i) the recent trading market price per share and (ii) the net asset value per share of the respective comparable company. We therefore agree with the Company that it is reasonable to determine the Subscription Price by making reference to the market prices of the Shares and the Company's net asset value per Share, in particular by considering the positive effect on the net asset value of the Company arising from the 2014 Rights Issue, which was a recent fund raising activity of the Group and is an useful information for the existing Shareholders in assessing the fairness and reasonableness of the major terms of the Subscription.

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## LETTER FROM NEW SPRING CAPITAL

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As shown in the table above, the subscription prices of the Comparable Transactions to (i) the relevant closing prices per share on the last trading day or on/immediately prior to the date of agreement range from a discount of approximately 59.18% to a premium of approximately 80.41%, with an average of a discount of approximately 10.34%; and (ii) the relevant average closing price per share for the five consecutive trading days up to and including or immediately prior to the date of agreement range from a discount of approximately 56.80% to a premium of approximately 78.94%, with an average of a discount of approximately 10.72%. The Subscription Price of HK\$1.40 per Subscription Share represents (i) a discount of approximately 52.4% to the closing price of HK\$2.94 per Share as quoted on the Stock Exchange on the Last Trading Day and (ii) a discount of approximately 42.4% to the average closing prices per Share as quoted on the Stock Exchange over the last five trading days up to and including the Last Trading Day. We note that the discount levels of the Subscription Price fall within the (discount)/premium ranges of the Comparable Transactions, but are below the average levels.

It is also illustrated from the above table that the subscription prices of the Comparable Transactions to the net asset value per share of the respective company as disclosed in or on the date of relevant announcement range from a discount of approximately 79.1% to a premium of approximately 922.5%, with an average of a premium of approximately 142.2%. The Subscription Price of HK\$1.40 per Subscription Share represents (i) a premium of approximately 536.4% over the unaudited net asset value of approximately HK\$0.22 per Share as at 30 September 2014 and (ii) a premium of approximately 233.3% over the unaudited adjusted net asset value of approximately HK\$0.42 per Share (which had taken into account the effect of the 2014 Rights Issue) as at 30 September 2014. We note that the premium levels of the Subscription Price fall within the (discount)/premium range of the Comparable Transactions, and are higher than the average level. Among 18 Comparable Transactions (excluding the one recording net liabilities), it is noted that the premium of approximately 536.4% over the Group's net asset value per Share (without the effect of the 2014 Rights Issue) as represented by the Subscription Price is higher than those of sixteen (16) Comparable Transactions, while the premium of approximately 233.3% over the Group's net asset value per Share (with the effect of the 2014 Rights Issue) as represented by the Subscription Price is higher than fourteen (14) of the them.

To further assess the fairness and reasonableness of the Subscription Price which had made reference to the Company's net asset value per Share, we look into the price-to-book ("**P/B**") ratio of the Company, where (i) the ratio of the Subscription Price to the unaudited net asset value per Share as at 30 September 2014 is 6.36 times ("**Interim P/B ratio**"); (ii) the ratio of the Subscription Price to the unaudited net asset value per Share as at 30 September 2014 (adjusted by the net proceeds from the 2014 Rights Issue) is 3.33 times ("**Adjusted P/B ratio**"). We compare the Interim P/B ratio and Adjusted P/B ratio with companies that are comparable to the Group in the same industry (the "**Industry Comparables**") and are selected with the following criteria, including (i) the companies are principally engaged in similar businesses as that of the Group, i.e. more than 50% of the revenue is driven by the printing related business; (ii) the companies have retained net assets attributable to shareholders for the latest published financial result; and (iii) the Companies are listed on the Stock Exchange, the shares of which have not been suspended for trading for more than three months during the past twelve months prior to the Last Trading Day. Based on the above criteria, under our best effort basis, we have identified an exhaustive list of 6 Industry Comparables, which we considered are fair and representative samples. Details of the Industry Comparable are summarised in the following table:

## LETTER FROM NEW SPRING CAPITAL

Company names	Stock code	Market capitalization (note 1) HK\$ million	Principal business	P/B ratio (Note 2) (times)
Neway Group Holdings Limited	55.HK	205.5	Manufacturing and sales of printing products, trading of printing products, music and entertainment business	0.24
Starlite Holdings Limited	403.HK	223.2	Principally engaged in the printing and manufacturing of packaging materials, labels and paper products, including environmental friendly paper products.	0.39
1010 Printing Group Limited	1127.HK	831.6	Provision of printing services	1.21
Midas International Holdings Limited	1172.HK	331.1	Manufacturing and trading of printed products, and development and operation of cemetery	0.69
eprint Group Ltd.	1884.HK	455.0	Provision of printing services and solutions on advertisement, bound books and stationeries, to customer in Hong Kong	2.87
Blue Sky Power Holdings Ltd.	6828.HK	1,883.6	Printing business and sales of paper and leather products	6.62
			<i>Maximum</i>	<i>6.62</i>
			<i>Minimum</i>	<i>0.24</i>
			<i>Average</i>	<i>2.00</i>
<b>The Company</b>	<b>1196.HK</b>	<b>1,111.9</b>	<b>Interim P/B</b>	<b>6.36</b>
			<b>Adjusted P/B</b>	<b>3.33</b>

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

1. The market capitalisation of the Industry Comparables are calculated on the basis of their respective closing prices of the shares and the total number of issued shares as at the Last Trading Day.
2. The P/B ratios of the Industry Comparables are calculated on the basis of their respective market capitalisation and net asset values attributable to shareholders as disclosed in the latest financial information published before the Last Trading Day.

As shown in the above table, we note that the P/B ratios of the Industry Comparables range from approximately 0.24 times to approximately 6.62 times with an average of approximately 2.00 times. The Interim P/B ratio and Adjusted P/B ratio fall within the above range and both of them are higher than the average P/B of the Industry Comparables, but lower than the maximum.

*(iv) Conclusion*

Although the Subscription Price represents a discount to the Company's recent average closing price per Share, we are of the view that the Subscription Price is justifiable and the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, after taking into consideration that (i) the Group was loss making for the year ended 31 March 2014 and the six months ended 30 September 2014, whereas the remaining business of the Group contributed thin profits under competitive industry conditions; (ii) the Share price remained relatively stable prior to the date of the First Announcement during the Review Period and around 70% of the daily closing price of the Shares was equal or below the Subscription Price; (iii) the respective discounts, over the closing price per Share on the Last Trading Day and the average closing price per Share

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## LETTER FROM NEW SPRING CAPITAL

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for over the last 5 trading days up to and including the Last Trading Day as represented by the Subscription Price, fall within the respective ranges of those of the Comparable Transactions as discussed above; (iv) the average daily trading volume of the Shares as a percentage of the total number of the outstanding Shares was thin from approximately 0.42% to 1.74%, where we are advised by the Directors that it would be difficult for the Company to conduct equity fund raising activities to raise the proposed fund with independent investors; (v) the respective premiums over net asset value per Share (with and without the effect of the 2014 Rights Issue) as represented by the Subscription Price fall within the range and are above the mean of that of the Comparable Transactions as discussed above; and (vi) the Interim P/B ratio and Adjusted P/B ratio fall within the range and are above the average of the P/B ratios of the Industry Comparables.

### **III. Reasons for and benefits of the Subscription**

We are advised by the Directors that the Company will keep on exploring all potential opportunities to develop its businesses. Referring to the Letter from the Board, after completion of the general offer on 18 July 2014, the Board has reviewed the existing operations of the Group and formed a joint venture company which engaged in distribution and sales of motor vehicle parts in August 2014 and in the process of acquiring a securities brokerage company in Hong Kong as announced on 12 November 2014. In order to broaden the Group's business portfolio as well as its income stream and increase the Shareholders' value, the Group has been actively exploring other investment opportunities. We note that the Company announced the Potential Acquisitions on 16 January 2015. With the extensive experience of Mr. Lin Xiaohui and Madam Su Jiaohua, both executive Directors, in real estate investment, the Board considers that the Potential Acquisitions of the real estate projects would provide prime opportunities for the Group to achieve such goals. As advised by the Management, Mr. Lin Xiaohui and Madam Su Jiaohua, both have over seven years of managerial experience in real estates. They have held management positions in a number of private companies mainly engaging in real estates, electronics, logistics and financial investment since 2005. It is also noted that that Mr. Lin Xiaohui and Madam Su Jiaohua have experience in managing two key real estate projects of the Group, namely Realord Villas in Guanlan and Realord Science Park, both are in Shenzhen, the PRC. It is noted that the land area of Realord Villas in Guanlan is approximately 33,000 square meters, while the land area of Realord Science Park is approximately 20,600 square meters. We note from the Directors that, as at the Latest Practicable Date, the discussions for the Potential Acquisitions were still on-going. No binding agreement in relation to any of the Potential Acquisitions has been entered into by the relevant parties.

The Company considered the Subscription could strengthen its capital base and allow it to capture the investment opportunities arising from the Potential Acquisitions and other investment opportunities as and when they arise. Also, the Directors are of the view that the Subscription will provide an opportunity to the Group to raise additional capital for the ongoing and future development of its businesses in a cost efficient manner without imposing any interest burden or finance costs to the Group or deteriorating its gearing position. We are advised that the Board has considered and compared feasibilities of other fund raising alternatives for the Group, such as placement of new Shares to independent investors, rights issue, open offer, debt financing and bank borrowings, which are further discussed in the below paragraphs. Taking into account the benefits and cost of each of the alternatives, we agree with the Board that the Subscription is in the interests of the Company and the Shareholders as a whole, since it could strengthen the capital base of the Group to capture investment opportunities arising from the Potential Acquisitions but would not impose any interest burden or finance costs to the Group and increase the gearing level of the Group.

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## LETTER FROM NEW SPRING CAPITAL

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### *1.1 Financing alternatives*

In order to assess the feasibility of these alternatives, we have discussed with the Management about other financing alternatives they considered and set out as below:

#### *(i) Debt financing*

Based on our discussion with the Management, we understand they considered that it will not be feasible to the Group to use debt-financing due to the factors that (i) the Group had incurred losses for the year ended 31 March 2014 and the six months ended 30 September 2014; and (ii) debt-financing will increase the interest burden and gearing level of the Group. Therefore, the Management is of the view that potential investors would generally hesitate in investing in debt instruments of companies with such financial conditions. The Management advised us that the Group had discussed with an institutional investor in relation to the potential debt financing for the Potential Acquisitions, however the investor offered an interest rate at about 20% per annum which the Management considered is too high in view of the estimated interest amount and the Group's repayment ability and therefore not in the interests of the Company and the Shareholders.

#### *(ii) Bank borrowings*

Based on our discussion with the Management, we understand they considered that (i) it will not be commercially viable for the Group to obtain bank borrowings in a scale of the Subscription in view of the asset scale of the Group; (ii) the factors considered for debt financing including the interest burden and gearing level of the Group as discussed above; and (iii) the return of cash inflow from the Potential Acquisitions may take a relatively longer time. Therefore, the Management considered that the increase of bank borrowings in the scale of the Subscription would not be viable and would not be in the interests of the Group. The Management further advised us that the Group has drawn bank borrowings of approximately HK\$100 million in December 2014 which was pledged with cash balance of approximately RMB84.6 million (equivalent to approximately HK\$105.0 million), so as to strengthen the capital position of the Company and for yield enhancement purpose. However, other than the aforesaid amount, we are given to understand that the Group was not able to obtain a larger size of the borrowings which is comparable to the size of the Subscription, after their further discussion with the existing banks of the Group.

#### *(iii) Rights issue/ open offer*

We note that the Group has concluded the 2014 Rights Issue from which the Company received 303 valid acceptances and applications, representing approximately 15.69 times of the total number of rights shares being offered under the 2014 Rights Issue. Based on our discussion with the Management, we agree with the Management that another round of rights issue exercise or an open offer exercise will not be commercially practicable for the Group, mainly due to (i) it will incur additional costs comparing to the Subscription, arising from professional fees and underwriting commission; (ii) in view of the Group's current condition where there was a change of control of the Company in July 2014 and the Group was loss making for the year ended 31 March 2014 and the six months ended 30 September 2014, it would be difficult for the Group to identify a suitable underwriter without demonstrating a proven track record in operating and financial aspects; and (iii) the Company currently has timing constraint in finding a suitable underwriter for

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## LETTER FROM NEW SPRING CAPITAL

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a rights issue or open offer exercise, as there is an urgent need of fund proof and down payment (as discussed in the below paragraph headed “Use of proceeds from the Subscription”) for the Potential Acquisitions under discussions. Also, the Management advised that it is expected that the Potential Acquisitions will be completed shortly after the signing of the relevant sale and purchase agreements. The relatively longer timeframe of a rights issue or open offer exercise comparing to the Subscription will limit the bargaining power of the Group during the discussions due to the lack of financing power and may defer the completion of the Potential Acquisitions. Since it is the intention of the Company to use the proceeds from the Subscription to finance the Potential Acquisitions which are under negotiations and may be materialised shortly, the Management is of the view that the time required for the rights issue or open offer exercise is comparatively less advantageous as compared to the Subscription. For details of the intended use of proceeds from the Subscription and the Potential Acquisitions, please refer to the below paragraph headed “Use of proceeds from the Subscription”.

Taking into account the above factors including (i) the interest burden expected to be incurred by the Group and the impact to its gearing level in debt financing; (ii) the unavailability of adequate size of bank borrowings to the Group; and (iii) the additional costs, difficulties and timing constraint in finding suitable underwriter(s) for rights issue or open offer exercise, we concur with the Directors that the Subscription is the appropriate method to the Group in raising funds given the urgent need of funds for the Potential Acquisitions aforementioned.

### ***1.2 Use of proceeds from the Subscription***

We note that the Group recorded a cash balance in the amount of approximately HK\$60.5 million as at 30 September 2014, according to 2014 Interim Report. The 2014 Rights Issue had raised cash in approximately HK\$155.8 million, which will be applied (i) as to approximately HK\$10 million for the funding and further development of the Group’s existing businesses; (ii) as to approximately HK\$90 million for funding and development of the Group’s future businesses; and (iii) as to approximately HK\$55.8 million as the general working capital of the Group. We note that (i) approximately HK\$7.0 million has been used for funding and further development of the Group’s existing businesses; (ii) approximately HK\$24.0 million has been used for general working capital of the Group; and (iii) approximately HK\$124.8 million has not yet been utilised. We are advised by the Management that, as at the Latest Practicable Date, the cash balance of the Group was approximately HK\$267.6 million. Given the current cash balance on hand in the Group is sufficient, we are advised by the Directors that additional cash is required to satisfy the future needs for the Potential Acquisitions and other potential investment in order to capture the new business opportunities to be arisen. In order to assess the needs of raising new capital by the Group, we have discussed with the Management in relation to the use of proceeds from the Subscription and the Potential Acquisitions of the Group. We relied on the information provided by the Management and we have not independently verified the information of each project of Potential Acquisitions or we express any merit to the Potential Acquisitions.

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## LETTER FROM NEW SPRING CAPITAL

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The gross proceeds from the Subscription amount to HK\$504 million and the net proceeds from the Subscription after deducting related fees and expenses are estimated to be approximately HK\$503 million. Accordingly, the net subscription price per Subscription Share is estimated to be approximately HK\$1.40. The Group intends to apply the net proceeds from the Subscription to finance the Potential Acquisitions in certain real estate projects. We are advised by the Management that the Group is considering investment in the following potential projects:

- (i) acquisition of a piece of land in the State of Victoria in Australia with an area of approximately 50 square kilometres at an initial asking price of approximately AUD80 million (equivalent to approximately HK\$482 million, based on the exchange rate of AUD1.00 = HK\$6.02);
- (ii) acquisition of a piece of land in Hong Kong with a gross area of approximately 40,000 square feet at an initial asking price of approximately HK\$280 million;
- (iii) acquisition of a piece of land (together with the buildings thereon) in the PRC with land area of approximately 12,000 square metres at an initial asking price in a range of approximately RMB500 million to RMB550 million (equivalent to approximately HK\$620 million to HK\$682 million, based on the exchange rate of RMB1.00 = HK\$1.24); and
- (iv) acquisition of a piece of land in Guangdong Province, the PRC with an area of approximately 120,000 square metres at an initial asking price in a range of approximately RMB300 million to RMB350 million (equivalent to approximately HK\$372 million to HK\$434 million, based on the exchange rate of RMB1.00 = HK\$1.24).

The Management advised that, as at the Latest Practicable Date, the Company was still negotiating the terms of the above potential projects with the relevant parties.

We are advised by the Management that the Company will generally be required to (i) provide the potential sellers with fund proof before entering into a formal sale and purchase agreement; and (ii) make immediate down payment for the Potential Acquisitions if materialised, which will be financed by the proceeds from Subscription and bank borrowings. We note from the Management that during the course of the negotiations between the Company and potential sellers, the Company was given to understand that the immediate down payment would normally be required for approximately 10% to 20% of the total consideration of the relevant project, whereas the actual amount was subject to the negotiation between the Company and the relevant parties. Although no legally binding agreement has been entered into for any potential projects stated above as at the Latest Practicable Date, we are advised by the Directors that the Company has executed letters of intent in relation to some of the potential projects to demonstrate its willingness for the Potential Acquisitions. Having considered (i) the Company has strong intention in entering into of the Potential Acquisitions for expanding its business portfolio; (ii) the urgent need for presenting the fund proof to potential sellers before entering into formal sales and purchase agreements; (iii) the Group is being needed to prepare sufficient funding for the Potential Acquisitions, which may materialise shortly; and (iv) the unavailability of financial alternatives other than the Subscription, we concur with the Management that there is a present and urgent need to raise fund in a comparable size of the Subscription.

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## LETTER FROM NEW SPRING CAPITAL

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We are also advised by the Management that the Company intends to invest in one or more of the above potential projects, of which the individual project size ranges from approximately HK\$280 million to approximately HK\$682 million. It is noted that the Company does not expect to invest in all the above potential projects taking into account the significant aggregated investment amount of up to approximately HK\$1,878 million. In regard of the size of the Subscription, we consider it is justifiable after taking into account (i) the size of the potential projects listed above and the Company intends to invest in one or more of them, (ii) the amount of approximately 10% to 20% on the initial asking price of the potential projects listed above shall be prepared for down payments once the potential projects are materialised; (iii) the current cash balance of the Group and the future repayment obligation; and (iv) the intended use of proceeds from the 2014 Rights Issue, the working capital requirement as well as the future capital needs which could provide the Group with flexibility to chase for other investment opportunities as advised by the Management. Based on the above, we concur with the Directors that the Subscription is in the interests of the Company and the Shareholders as a whole which provides financing capability to the Group to gain the new investment opportunities from the Potential Acquisitions.

We note that the Company has not entered into any agreement or commitment in relation to the Proposed Acquisitions and may or may not enter into any formal agreement. In the event that the projects of Potential Acquisitions do not proceed or only partially complete, the Directors will explore other investment opportunities and the remaining funds from the Subscription will be re-allocated accordingly. Further announcement in respect of the Proposed Acquisitions will be made by the Company as and when appropriate in accordance with the Listing Rules.

In conclusion, although the Subscription is not in the ordinary and usual course of business of the Group, taking the account of the reasons and benefits of the Subscription and the use of the proceeds of the Subscription to be applied in the Potential Acquisitions and new investment opportunities, we concur with the Directors that the Subscription is in the interests of the Company and the Shareholders as a whole.

#### **IV. Financial effects of the Subscription**

Based on our discussion with and the representation from the Directors, we understand from the Directors that they have taken into account the following factors when they considered the potential impact of the Subscription on the financial positions of the Group:

##### ***1.1 Net asset value***

According to 2014 Interim Report, the net assets of the Group were approximately HK\$175.2 million. Upon Completion, the net assets of the Group will increase by the consideration for the Subscription of approximately HK\$503.0 million after deduction of related expenses (if any). As such, the Subscription is expected to have a positive impact on the financial position of the Group.

##### ***1.2 Liquidity***

It is expected that the liquidity position of the Group will be improved by approximately HK\$503.0 million after deduction of related expenses upon Completion. Therefore, the Subscription is expected to have a positive impact on the current ratio of the Group.

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## LETTER FROM NEW SPRING CAPITAL

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### 1.3 Gearing

Upon the fully subscription of the new shares under the Subscription, the total borrowings of the Group will remain unchanged and the total equity would be enlarged by the allotment and issuance of the Subscription Shares. Hence, it is expected that the gearing position of the Group would be improved.

### 1.4 Cash flow

According to 2014 Interim Report, the cash and cash equivalents amounted to approximately HK\$60.5 million. Upon Completion, the cash level of the Group will increase by the net consideration for the Subscription of approximately HK\$503.0 million. As such, the Subscription is expected to have a positive impact on the cash flow of the Group.

## V. Dilution to the shareholding of the existing Shareholders

We note from the Letter from the Board that the shareholding of the existing public Shareholders would be reduced from approximately 46.70% as at the Latest Practicable Date to approximately 32.13% immediately after the allotment and issuance of the Subscription Shares. Your attention is drawn to the below table on the shareholding structure of the Company before and immediately after the allotment and issuance of the Subscription Shares.

### Shareholding structure of the Company before and immediately after the allotment and issuance of the Subscription Shares

Shareholders	As at the		Immediately after the	
	Latest Practicable Date		allotment and issuance of the	
	Subscription Shares <sup>(note 1)</sup>			
	Number of	Approximate	Number of	Approximate
	Shares	%	Shares	%
MHL <sup>(note 2)</sup>	423,337,518	53.30	783,337,518	67.87
Public Shareholders	370,853,880	46.70	370,853,880	32.13
<b>Total</b>	<b>794,191,398</b>	<b>100.00</b>	<b>1,154,191,398</b>	<b>100.00</b>

Notes:

- Assuming that there is no change in the issued share capital of the Company other than the allotment and issuance of the Subscription Shares since the Latest Practicable Date up to Completion.
- MHL is owned as to 70% by Mr. Lin Xiaohui and as to 30% by Madam Su Jiaohua, both are executive Directors.

Taking into account (i) the reasons for, and the benefits of, entering into the Subscription as described in the above paragraphs headed “Reasons for and benefits of the Subscription”; (ii) the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the positive impact on the Group’s liquidity, gearing position and net asset value as discussed above, we consider that the possible dilution effect on the shareholding interests of the existing public Shareholders is justifiable.

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## LETTER FROM NEW SPRING CAPITAL

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### OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the Subscription is on normal commercial terms but is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Subscription and the transactions contemplated under the Subscription Agreement (including the grant of the Specific Mandate).

Yours faithfully,

For and on behalf of

**NEW SPRING CAPITAL LIMITED**

**Paul Lui**

**Tina Tian**

*Managing Director*

*Director*

*Note: Mr. Paul Lui and Ms. Tina Tian are licensed person registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO and have over 18 years and 7 years of experience in corporate finance industry respectively.*

**1. RESPONSIBILITY STATEMENT**

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

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following Completion (assuming no further allotment and issuance of the Shares from the Latest Practicable Date up to Completion) was and will be as follows:

*As at the Latest Practicable Date*

*Authorised:* HK\$

20,000,000,000 Shares	2,000,000,000.00

*Issued and fully paid or credited as fully paid:*

794,191,398 Shares	79,419,139.80

*Immediately after Completion*

*Authorised:* HK\$

20,000,000,000 Shares	2,000,000,000.00

*Issued and fully paid or credited as fully paid:*

794,191,398 Shares in issue as at the Latest Practicable Date	79,419,139.80
360,000,000 Subscription Shares to be allotted and issued under the Subscription Agreement	36,000,000.00
1,154,191,398 Shares in issue immediately after Completion	115,419,139.80

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

#### *Long positions in the Shares*

Name of Director	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lin Xiaohui ("Mr. Lin")	Interest of controlled corporation	783,337,518 (Note 1)	67.87%
Madam Su Jiaohua ("Madam Su")	Interest of spouse	783,337,518 (Note 2)	67.87%

#### *Notes:*

- (1) As at the Latest Practicable Date, (i) MHL was the legal and beneficial owner of 423,337,518 Shares; and (ii) MHL is deemed to be interested in 360,000,000 Shares under the SFO by virtue of the Subscription Agreement. Hence, MHL was interested in an aggregate of 783,337,518 Shares, representing approximately 67.87% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. Since Mr. Lin owned 70% of the issued share capital of MHL, he was deemed to be interested in 783,337,518 Shares.
- (2) Madam Su, the spouse of Mr. Lin, was deemed under the SFO to be interested in 783,337,518 Shares which Mr. Lin was deemed to be interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any beneficial or deemed interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

**(b) Interests of substantial shareholders**

As at the Latest Practicable Date, so far as known to the Directors and the chief executive of the Company, persons who had interests or short positions in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or in any options in respect of such capital, were as follows:

**(i) Interest in the Shares***Long position in the Shares*

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
MHL	Beneficial owner	783,337,518 (Note)	67.87%

*Note:*

As at the Latest Practicable Date, (i) MHL was the legal and beneficial owner of 423,337,518 Shares; and (ii) MHL is deemed to be interested in 360,000,000 Shares under the SFO by virtue of the Subscription Agreement. Hence, MHL was interested in an aggregate of 783,337,518 Shares, representing approximately 67.87% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. MHL was owned as to 70% by Mr. Lin and as to 30% by Madam Su.

**(ii) Substantial shareholder of other members of the Group**

Shareholder	Name of subsidiary	Percentage of shareholding
International Treasure Holdings Limited	Realord Vehicle Parts Limited	40%

Save as disclosed above, as at the Latest Practicable Date, so far as known to the Directors and chief executive of the Company, no other person (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

**4. DIRECTORS' INTERESTS****(i) Interests in contract or arrangement**

Save for (i) the conditional sale and purchase agreement dated 12 November 2014 (the “**MSL Acquisition Agreement**”) entered into between Allied Time Investments Limited (a direct wholly-owned subsidiary of the Company) and Madam Su in relation to the acquisition of the entire equity interest in Manureen Securities Limited by Allied Time Investments Limited from Madam Su at a cash consideration of HK\$21 million (subject to adjustment); and (ii) the Subscription Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

**(ii) Interests in assets**

Save for the entire equity interest in Manureen Securities Limited to be disposed of by Madam Su under the MSL Acquisition Agreement, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2014, being the date to which the latest published audited financial statements of the Company were made up.

**(iii) Interests in competing business**

None of the Directors and their respective close associates (as defined in the Listing Rules) had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**5. LITIGATION**

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

**6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
New Spring Capital	A licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

New Spring Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, New Spring Capital was not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, New Spring Capital had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2014 (the date to which the latest published audited financial statements of the Company were made up).

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save for the loss incurred attributable to the Shareholders of approximately HK\$6,626,000 for the six months ended 30 September 2014 as disclosed in the interim report of the Company for the six months ended 30 September 2014, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong from 9:00 a.m. to 6:00 p.m. on any Business Day from the date of this circular up to and including the date of the SGM:

- (i) the Subscription Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 14 of this circular;
- (iii) the letter of advice from New Spring Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 39 of this circular;

- (iv) the written consent referred to in the paragraph headed “Expert and consent” of this appendix; and
- (v) this circular.

#### **10. MISCELLANEOUS**

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business in Hong Kong is at Suites 2403-2410, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (ii) The Company’s branch share registrar and transfer office in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (iii) The company secretary of the Company is Mr. Tsang Chin Pang, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (iv) In the event of any inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text of the same.

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## NOTICE OF SGM

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**偉祿集團控股有限公司**

**REALORD GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1196)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Realord Group Holdings Limited (the “**Company**”) will be held at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Monday, 30 March 2015 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolution as ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the subscription agreement dated 28 January 2015 (the “**Subscription Agreement**”) (a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) entered into between the Company and Manureen Holdings Limited (“**MHL**”) in respect of the allotment and issuance of 360,000,000 new shares (the “**Subscription Shares**”) of the Company and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to fulfillment (or waiver as the case may be) of the conditions precedent set out in the Subscription Agreement, the allotment and issuance by the Company of the Subscription Shares pursuant to and in accordance with the terms and conditions of the Subscription Agreement be and is hereby approved;
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Subscription Shares to MHL pursuant to and in accordance with the terms and conditions of the Subscription Agreement; and
- (d) any one director of the Company, or the company secretary of the Company be and is/are hereby authorised to exercise all powers of the Company and take all such actions and/or sign and/or affixing the common seal of the Company (if required) all such documents to effect the allotment and issuance of the Subscription Shares as he in his absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Subscription under the Subscription Agreement and the transactions contemplated thereunder.”

By Order of the Board  
**Realord Group Holdings Limited**  
**Lin Xiaohui**  
*Chairman*

Hong Kong, 12 March 2015

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## NOTICE OF SGM

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

*Head office and principal place of  
business in Hong Kong:*  
Suites 2403-2410  
24/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

*Notes:*

1. A member entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the special general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the special general meeting is enclosed. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the special general meeting or any adjournment thereof or upon the poll concerned. Completion and return of a form of proxy will not preclude a member of the Company from attending in person and voting at the special general meeting or any adjournment thereof should he so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he/she were solely entitled to vote; but if more than one of such joint holders are present at the meeting in person or by proxy, then the one of such joint holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

*As at the date of this notice, the executive directors of the Company are Mr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong; and the independent non-executive directors of the Company are Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue.*