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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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DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent financial adviser to the
Independent Board Committee and Independent Shareholders**

VEDA | CAPITAL
智 略 資 本

Capitalised terms used on this cover page shall have the same meanings as those defined in this circular, unless the context requires otherwise. 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 Veda Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Wednesday, 15 February 2017 at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong 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.

27 January 2017

CONTENTS

| | <i>Page</i> |
|--|-------------|
| Definitions | 1 |
| Letter from the Board | 4 |
| Letter from the Independent Board Committee | 14 |
| Letter from Veda Capital | 15 |
| Appendix I – Valuation report of the PRC Properties | I-1 |
| Appendix II – General information | II-1 |
| Notice of SGM | SGM-1 |

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

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| “associates” | has the meaning ascribed to this term under the Listing Rules |
| “Bank” | China Bohai Bank Co., Ltd, a PRC licensed commercial bank and an Independent Third Party |
| “Bank Loan Agreement” | the loan agreement to be entered into between the Bank and the Connected Borrower |
| “Bank Loan Facility” | the loan facility up to RMB170 million under the Bank Loan Agreement |
| “Board” | the board of Directors |
| “Business Day(s)” | a day(s) (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong generally open for business throughout their normal business hours |
| “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) |
| “Connected Borrower” | 深圳市偉祿科技控股有限公司 (Shenzhen Realord Technology Holding Limited*), a company established in the PRC with limited liability |
| “connected person” | has the meaning ascribed to this term under the Listing Rules |
| “Corporate Guarantee” | the corporate guarantee to be provided by the Company under the Bank Loan Agreement |
| “Director(s)” | director(s) of the Company |
| “Dr. Lin” | Dr. Lin Xiaohui, an executive Director and the Chairman of the Company, the spouse of Madam Su |
| “Enlarged Group” | the Group, together with Top Eagle and Tong Bao, both of which will become subsidiaries of the Company pursuant to a conditional sale and purchase agreement dated 5 September 2016 (as amended and supplemented by a supplemental agreement thereto dated 30 December 2016) (details of which were disclosed in the circular of the Company dated 25 January 2017) |

DEFINITIONS

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| “Existing Loan Agreement” | the loan agreement dated 24 March 2016 (as supplemented by the supplemental loan agreement dated 14 September 2016) entered into between the Company as borrower and Manureen Holdings as lender in relation to the provision of loan facility of up to RMB300 million |
| “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 New Loan Agreement, the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder |
| “Independent Shareholders” | Shareholders other than Manureen Holdings and its associates |
| “Independent Third Party(ies)” | an individual(s) or a company(ies) who or which is (are) independent of and not connected with any connected persons or any of their respective associate(s) |
| “Latest Practicable Date” | 25 January 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Madam Su” | Madam Su Jiaohua, an executive Director and the spouse of Dr. Lin |
| “Manureen Holdings” | Manureen Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder |
| “Manureen Loan Facility” | unsecured loan facility of up to RMB450 million pursuant to the terms of the New Loan Agreement |
| “New Loan Agreement” | the loan agreement to be entered into between Manureen Holdings as lender and the Company as borrower |
| “PRC” | the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region and Taiwan |

DEFINITIONS

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| “PRC Properties” | the properties of the Group situated at (i) Units 3306 to 3310, 33rd Floor, 福田區中心區益田路與福華路交界處卓越時代廣場 (Excellence Time Square, Junction of Yitian Road and Fuhua Road, Central District, Futian District*), Shenzhen, Guangdong Province, the PRC; and (ii) the industrial complex at 龍華新區觀瀾街道樟坑徑上坑社區富業路5號 (No. 5 Fuye Road, Shengkeng Community, Zhangkengjing, Guanlan, Longhua New District*), Shenzhen, Guangdong Province, the PRC, respectively |
| “Property Pledge” | the pledge of the PRC Properties by the Group under the Bank Loan Agreement |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting of the Company to be held and convened to approve the New Loan Agreement, the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tong Bao” | 廣西梧州市通寶再生物資有限公司 (Guangxi Wuzhou City Tong Bao Renewable Materials Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Top Eagle |
| “Top Eagle” | Top Eagle International Trading Limited, a company incorporated in Hong Kong with limited liability |
| “Veda Capital” | Veda 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 terms of New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement |
| “HK\$” | Hong Kong dollar(s), the lawful currency for the time being of Hong Kong |
| “RMB” | Renminbi, the lawful currency for the time being of the PRC |
| “%” | per cent. |

DEFINITIONS

In this circular, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.12. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

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

LETTER FROM THE BOARD



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:

Dr. 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

27 January 2017

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 19 January 2017 in relation to the discloseable and connected transaction. The Connected Borrower will enter into the Bank Loan Agreement with the Bank, pursuant to which the Bank shall provide the Bank Loan Facility of up to RMB170 million (equivalent to approximately HK\$190 million) to the Connected Borrower subject to the terms of the Bank Loan Agreement. The Bank Loan Facility shall be secured by, among other things, (i) the Corporate Guarantee by the Company; and (ii) the Property Pledge.

The Company as borrower and Manureen Holdings as lender will enter into the New Loan Agreement pursuant to which Manureen Holdings shall provide an unsecured loan facility of up to RMB450 million (equivalent to approximately HK\$504 million) to the Group subject to the terms of the New Loan Agreement.

The provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As both of the Connected Borrower and Manureen Holdings are ultimately owned as to 70% and 30% by Dr. Lin and Madam Su respectively, both of whom are the executive Directors, and Manureen Holdings is the controlling Shareholder, the Connected Borrower and

LETTER FROM THE BOARD

Manureen Holdings are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the New Loan Agreement, the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder will also constitute connected transaction on the part of the Company under Chapter 14A of the Listing Rules and are subject to, among others, the Independent Shareholders' approval at the SGM.

The purpose of this circular is to provide you with, among other things, (i) details of the Bank Loan Agreement, the New Loan Agreement, the Corporate Guarantee and the Property Pledge; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Veda Capital, an independent financial adviser, to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the PRC Properties; and (v) the notice of SGM.

THE BANK LOAN AGREEMENT

Date

Within five (5) Business Days after obtaining Independent Shareholders' approval at the SGM

Parties

- (i) the Connected Borrower as borrower; and
- (ii) the Bank as lender.

The Connected Borrower is a company established in the PRC and is principally engaged in trading and distribution of electronic products. The Connected Borrower is ultimately owned as to 70% and 30% by Dr. Lin and Madam Su respectively, both of whom are executive Directors. As such, the Connected Borrower is a connected person of the Company under Chapter 14A of the Listing Rules.

The Bank is a licensed commercial bank in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Bank Loan Agreement, the Bank shall provide the Bank Loan Facility of up to RMB170 million (equivalent to approximately HK\$190 million) to the Connected Borrower subject to the terms of the Bank Loan Agreement. The Bank Loan Facility shall be secured by (i) the personal guarantee by each of Dr. Lin and Madam Su, both of whom are executive Directors; (ii) the Corporate Guarantee by the Company; and (iii) the Pledge Property. Apart from the personal guarantee by each of Dr. Lin and Madam Su, the Bank has also requested the Connected Borrower to provide additional security for the Bank Loan Facility, including the Corporate Guarantee by the Company and the Pledge Property.

The Bank Loan Facility shall be for a term of one year and the interest rate shall be determined after arm's length negotiations upon each drawing of the Bank Loan Facility with reference to the RMB interest rate set by the People's Bank of China. The current prime interest rate for one-year RMB loan is 4.35% per annum according to the People's Bank of China. The Directors understands from the Connected Borrower that the Bank has preliminary indicated that a floating interest rate of approximately 40% to 70% will be charged on top of the interest rate of 4.35% set by the People's Bank of China.

LETTER FROM THE BOARD

THE NEW LOAN AGREEMENT

Date

Within five (5) Business Days after obtaining Independent Shareholders' approval at the SGM

Parties

- (i) the Company as borrower; and
- (ii) Manureen Holdings as lender.

Manureen Holdings is an investment holding company incorporated in the British Virgin Islands with limited liability and is owned as to 70% and 30% by Dr. Lin and Madam Su respectively. Manureen Holdings is the controlling Shareholder holding 785,001,518 Shares as at the Latest Practicable Date, representing approximately 68.3% of the issued share capital of the Company. As such, Manureen Holdings is a connected person of the Company.

Background of the New Loan Agreement

Manureen Holdings as lender and the Company as borrower entered into the Existing Loan Agreement, pursuant to which Manureen Holdings shall provide the unsecured loan facility of up to RMB300 million (equivalent to approximately HK\$336 million) to the Group. Under the Existing Loan Agreement, the interest rate is 8.2% per annum. The interest rate of 8.2% is at the same interest rate (including service fee) of a loan borrowed by a company jointly owned by Dr. Lin and Madam Su from an independent commercial bank in the PRC, and was determined with reference to the market rate as quoted by the independent commercial bank. The Group had approached different independent commercial banks in the PRC for debt financing, but the Group is not able to obtain borrowings with similar or more favourable terms than the terms under the Existing Loan Agreement.

In view of the capital need of the Group and in consideration of the provision of the financial assistance by the Group to the Connected Borrower under the Bank Loan Agreement, Manureen Holdings agrees to increase the loan facility amount to RMB450 million (equivalent to approximately HK\$504 million). As at the Latest Practicable Date, the outstanding principal amount owed by the Group to Manureen Holdings under the Existing Loan Agreement amounted to approximately RMB216 million (equivalent to approximately HK\$242 million). The Group expects it will require working capital to support its operation and business development, including but not limited to the payment for the cash consideration of HK\$22 million in respect of the proposed acquisition of 60% issued share capital of Top Eagle (details of which were disclosed in the circular of the Company dated 25 January 2017), operating expenses for head office and cash flows to support the distribution and sales of motor vehicle parts business. As such, the Group intends to draw additional loan of approximately RMB54 million (equivalent to approximately HK\$60 million) under the New Loan Agreement when the New Loan Agreement is effective. The Group also considers the unutilised portion of the Manureen Loan Facility would provide a standby line of credit to the Group for its business development when potential opportunities arise.

After arm's length negotiations, Manureen Holdings and the Company will terminate the Existing Loan Agreement upon the entering into of the New Loan Agreement, which shall be within five (5) Business Days after obtaining Independent Shareholders' approval at the SGM. All outstanding principal amount drawn by the Group under the Existing Loan Agreement shall be deemed as the amount drawn under the New Loan Agreement.

LETTER FROM THE BOARD

Subject matter

Pursuant to the New Loan Agreement, Manureen Holdings shall provide the Group the unsecured Manureen Loan Facility of up to RMB450 million (equivalent to approximately HK\$504 million), subject to the terms of the New Loan Agreement.

Any amount(s) to be advanced by Manureen Holdings to the Group shall constitute unsecured indebtedness of the Group.

The Manureen Loan Facility shall be for a term of 18 months and the interest rate shall be determined after arm's length negotiations upon each drawing of the Manureen Loan Facility provided that (1) for the first RMB170 million (equivalent to approximately HK\$190 million) drawn or to be drawn under the Manureen Loan Facility shall be the lower of (i) the interest rate under the Bank Loan Facility; or (ii) 8.2% per annum; and (2) for any further amount drawn or to be drawn under the Manureen Loan Facility, the interest rate shall be 8.2% per annum. The Directors consider the interest rate under the New Loan Agreement is on normal commercial terms or better, given that the Group is not able to obtain the borrowings with similar or more favourable terms than the terms under the New Loan Agreement.

Manureen Holdings undertakes that it will not demand for repayment of all or part of the Manureen Loan Facility as long as there are outstanding amount under the Bank Loan Facility. Manureen Holdings further undertakes that if the outstanding principal amount under the Manureen Loan Facility is below RMB270 million (equivalent to approximately HK\$302 million), it will procure the release and discharge of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement or otherwise procure the Connected Borrower to repay all the outstanding amount under the Bank Loan Facility. The amount of RMB270 million was determined with reference to the valuation of the PRC Properties under the Property Pledge with a buffer for its potential appreciation. As the PRC Properties are pledged under the Bank Loan Agreement, which forms part and parcel of a package of financing arrangement to the Company, the valuation of the PRC Properties is relevant in determining the benchmark for releasing and discharging the Corporate Guarantee and the Property Pledge. In addition, the Company has set the buffer of approximately 18% for potential capital appreciation of the PRC Properties, after taking into account the increasing property price in the PRC.

Condition precedent

The entering into of the New Loan Agreement shall be subject to fulfillment of the following condition:

- (a) all necessary consents and approvals on the part of the Company in relation to the New Loan Agreement and the transactions contemplated thereunder having been obtained, including the passing of necessary resolution(s) by the Independent Shareholders at the SGM to approve the New Loan Agreement and the transactions contemplated thereunder.

In the event that the above condition cannot be fulfilled on or before 17 March 2017 (or such other date as the parties to the New Loan Agreement may agree), the Company will not enter into the New Loan Agreement.

LETTER FROM THE BOARD

THE CORPORATE GUARANTEE AND THE PROPERTY PLEDGE

As disclosed in the section headed “The Bank Loan Agreement” above, it is a term thereof that (1) the Company will provide the Corporate Guarantee; and (2) the two PRC subsidiaries of the Group will pledge the PRC Properties under the Property Pledge in favour of the Bank as security for the obligations and liabilities of the Connected Borrower under the Bank Loan Agreement. The PRC Properties comprise (i) Units 3306 to 3310, 33rd Floor, 福田區中心區益田路與福華路交界處卓越時代廣場 (Excellence Time Square, Junction of Yitian Road and Fuhua Road, Central District, Futian District*), Shenzhen, Guangdong Province, the PRC; and (ii) the industrial complex at 龍華新區觀瀾街道樟坑徑上坑社區富業路5號 (No. 5 Fuye Road, Shengkeng Community, Zhangkengjing, Guanlan, Longhua New District*), Shenzhen, Guangdong Province, the PRC, respectively. Based on the valuation report of the PRC Properties prepared by B.I. Appraisals Limited, an independent property valuer, as set out in the Appendix I to this circular, the market value of the PRC Properties as at 30 November 2016 was RMB228 million (equivalent to approximately HK\$255 million) in aggregate.

The Property Pledge of a value of RMB228 million for (i) the Bank Loan Facility of RMB170 million; and (ii) the increase in the Manureen Loan Facility of RMB150 million as compared to the loan facility under the Existing Loan Agreement represent loan-to-collateral ratio of approximately 75% and 65% respectively, both ratios are higher than the loan-to-collateral ratio of the Group’s existing borrowings of not exceeding 60% of the collaterals. This is considered to be more favourable to the Company as the Group is able to borrow a higher loan amount with the same value of the collateral.

The Bank Loan Agreement, together with the Corporate Guarantee and the Property Pledge, and the New Loan Agreement as a whole is in substance a package of financing arrangement of the Company with (i) the financial assistance from Manureen Holdings in the amount of RMB450 million; and (ii) the pledge of the Group’s assets in the amount of RMB228 million. In light of this, the Directors consider the provision of Property Pledge is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Corporate Guarantee shall be provided by the Company in favour of the Bank to secure all the obligations of the Connected Borrower under the Bank Loan Agreement. The Corporate Guarantee shall be executed on the same date as the Bank Loan Agreement and shall be irrevocable and unconditional.

In the event that the Connected Borrower would have been in default in repayment of any of the outstanding principal amount (which would be up to RMB 170 million), interest accrued thereon, fees and/or other payables under the Bank Loan Facility which have become due to the Bank, the Bank shall be entitled to enforce the Corporate Guarantee and the Company shall irrevocably and unconditionally pay the relevant amount described above to the Bank under the Corporate Guarantee, which would represent the maximum exposure of the Company.

Apart from the above, the Bank may also enforce the Corporate Guarantee and/or the Property Pledge upon occurrence of various events of defaults, including (1) breach of the terms of the Bank Loan Agreement by the Connected Borrower; (2) any secured Bank Loan Facility ceases to be legal and valid or otherwise be restricted; (3) any security to be created under the Corporate Guarantee and/or Property Pledge ceases to be legal and valid or otherwise be restricted; (4) any warranties given by the Company and/or its subsidiaries under the Corporate Guarantee and/or the Property Pledge are incorrect; (5) breach

LETTER FROM THE BOARD

of any undertakings and/or other terms by the Company under the Corporate Guarantee; (6) the occurrence of events such as liquidation or material litigation which would cause material adverse effect on the financial position of the Company and its performance of its obligations under the Corporate Guarantee; and (7) there occurs any events which would adversely impact the rights of the Bank under the Property Pledge.

There would be no fixed sequence of claim for the Bank in enforcing the personal guarantee, the Corporate Guarantee and the Property Pledge, and the Bank can enforce any of those security documents in such sequence at its own discretion.

In the event that Connected Borrower has defaulted in its repayment due to the Bank and the Bank has enforced the Corporate Guarantee and/or the Property Pledge, the Company would incur a liability equivalent to the amount due by the Connected Borrower to the Bank. In the case of the enforcement of the Property Pledge by the Bank, the Company may subject to the disposal of the PRC Properties, which are currently held by the Group as investment properties to generate rental income, for the repayment of such outstanding amount.

Nevertheless, Manureen Holdings agrees under the New Loan Agreement to fully indemnify the Company if the Connected Borrower has been in default in repayment and the Group has to pay any amount under the Corporate Guarantee and/or the Property Pledge.

The Group has no further obligations under the Corporate Guarantee and the Property Pledge to provide additional collaterals. However, the Bank under the Bank Loan Agreement shall have the right to refuse the Connected Borrower to draw the Bank Loan Facility and/or to demand the Connected Borrower to provide further collaterals if the value of the properties pledged under the Bank Loan Agreement decreases during its term or in other situations falls below the amount of outstanding principal under the Bank Loan Agreement. In the event that the Connected Borrower would request the Group to provide any further collaterals, the Company will comply with relevant Listing Rules requirements.

The Directors (including the independent non-executive Directors) consider that the terms of the New Loan Agreement, the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition precedent

The provision of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement shall be subject to fulfillment of the following condition:

- (a) all necessary consents and approvals on the part of the Company in relation to the provision of the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder having been obtained, including the passing of necessary resolution(s) by the Independent Shareholders at the SGM to approve the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder.

LETTER FROM THE BOARD

In the event that the above condition cannot be fulfilled on or before 17 March 2017 (or such other date as the Company and the parties to the Bank Loan Agreement may agree), the Group will not provide the Corporate Guarantee and the Property Pledge. The Bank Loan Agreement and the New Loan Agreement are not inter-conditional with each other.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LOAN AGREEMENT

The Group is principally engaged in (i) commercial printing; (ii) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags; (iii) distribution and sales of motor vehicle parts; (iv) provision of securities brokerage services and margin financing; (v) trading of electronic products and computer components; and (vi) property investment.

As mentioned in the interim report of the Company for the six months ended 30 June 2016, the Directors will continue to explore the potential opportunities to develop the businesses of the Group with the view of sustaining long term growth of the Group. It is contemplated that sufficient financing would be required for the Group's business development. As disclosed in the circular of the Company dated 25 January 2017 in relation to acquisition of 60% issued share capital of Top Eagle, the growth potential of Top Eagle and Tong Bao are currently limited by their production capacity as well as the working capital to support a larger business scale. The Group is in need of fund to support the working capital needs of the Group and potential funding is also required for Top Eagle and Tong Bao.

As the Group's operation has not yet achieved a critical mass to negotiate for favourable terms of borrowings from the banks and/or financial institutions, Dr. Lin and Madam Su have continuously provided financial support to the Company through the Existing Loan Agreement. In consideration of the Group agreeing to provide the Corporate Guarantee and the Property Pledge as security, Manureen Holdings agrees to provide the Manureen Loan Facility in favour of the Group. The Manureen Loan Facility will allow the Group to have sufficient financial support for its future business development.

Since the Group may draw additional sum under the Manureen Loan Facility in comparison with that under the Existing Loan Agreement and the outstanding principal amount under the New Loan Agreement exceeds the Bank Loan Facility, the Directors (including the independent non-executive Directors) consider that it is fair and reasonable for the Group to enter into the New Loan Agreement and provide the Corporate Guarantee and the Property Pledge in favour of the Bank as security under the Bank Loan Agreement.

LATEST DEVELOPMENT OF THE RECENT TRANSACTIONS OF THE COMPANY

Reference is made to (i) the circular of the Company dated 20 July 2016 (the “**JV Circular**”) in relation to the formation of 廣東粵財投資控股有限公司(Guangdong Yuechai Investment Holdings Limited*); and (ii) the circular of the Company dated 25 January 2017 (the “**VSA Circular**”) in relation to the acquisition of 60% of the issued share capital of Top Eagle. As disclosed in the JV Circular, the Group had unencumbered properties to obtain financial support from financial institutions. Nevertheless, after provision of the Property Pledge, the Group may not have unencumbered properties for such purpose. As disclosed in the VSA Circular, the Group received a preliminary letter of intent from an independent financial institution in the PRC indicating that it will provide a facility of RMB500 million with a term of 5 years. As at the Latest Practicable Date, the negotiation on the aforesaid facility was still

LETTER FROM THE BOARD

ongoing and detailed terms of the facility, including the interest rate, had not yet been offered by the financial institution to the Group. However, the Directors are confident that the facility from the said financial institution is likely to be made available to the Group in around March 2017.

LISTING RULES IMPLICATIONS

The provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As both of the Connected Borrower and Manureen Holdings are ultimately owned as to 70% and 30% by Dr. Lin and Madam Su respectively, both of whom are the executive Directors, and Manureen Holdings is the controlling Shareholder, the Connected Borrower and Manureen Holdings are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the New Loan Agreement, the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder will also constitute connected transaction on the part of the Company under Chapter 14A of the Listing Rule and are subject to, among others, the Independent Shareholders' approval 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 New Loan Agreement, the Corporate Guarantee, the Property Pledge and the Bank Loan Agreement. Veda Capital has been appointed by the Company with the approval of the Independent Board Committee as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The voting in respect of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement at the SGM will be conducted by way of a poll. Dr. Lin and Madam Su own 70% and 30% respectively of Manureen Holdings, the controlling Shareholder holding 785,001,518 Shares as at the Latest Practicable Date, representing approximately 68.3% of the issued share capital of the Company. To the best knowledge, information and belief of the Directors, after making reasonable enquiries, save for Manureen Holdings, no other Shareholders have a material interest in the New Loan Agreement, the provision of Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder and are required to abstain from voting at the SGM. Manureen Holdings and its associates shall abstain from voting at the SGM.

Each of Dr. Lin, Madam Su and Mr. Lin Xiaodong (brother of Dr. Lin) has abstained from voting at the relevant board resolution(s) approving the New Loan Agreement, the provision of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

SGM

The SGM will be convened and held at 11:00 a.m. on Wednesday, 15 February 2017 at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong for the Shareholders to consider and, if thought fit, approve the New Loan Agreement, the provision of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder.

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) 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.

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 New Loan Agreement, the provision of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the New Loan Agreement, the provision of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder.

Your attention is drawn to (i) 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 terms of the New Loan Agreement, the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder after taking into account the advice from Veda Capital; and (ii) the letter from Veda Capital as set out on pages 15 to 28 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the New Loan Agreement, the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

27 January 2017

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 27 January 2017 (the “**Circular**”) of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you (i) as to whether, in our opinion, the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the New Loan Agreement, the Corporate Guarantee and the Property Pledge are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole; and (ii) as to the voting in respect of the ordinary resolution to be proposed at the SGM to approve the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement. Veda Capital has been appointed as the independent financial advisor to advise us and you in this regard. Details of their advice, together with the principal factors and reasons they have taken into account, are contained in their letter set out on pages 15 to 28 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

RECOMMENDATION

Having considered the terms of the New Loan Agreement, the Corporate Guarantee and the Property Pledge and the advice and recommendation of Veda Capital, we are of the opinion that the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement are not in the ordinary and usual course of business of the Group but on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and 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 New Loan Agreement, the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder.

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

LETTER FROM VEDA CAPITAL

The following is the text of the letter of advice from Veda Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement, which has been prepared for the purpose of inclusion in this circular.



Veda Capital Limited
Room 1106, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

27 January 2017

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

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement, details of which are set out in the circular to the Shareholders dated 27 January 2017 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 January 2017, the Board made the announcement in relation to the Connected Borrower will enter into the Bank Loan Agreement with the Bank pursuant to which the Bank shall provide the Bank Loan Facility of up to RMB170 million (equivalent to approximately HK\$190 million) to the Connected Borrower subject to the terms of the Bank Loan Agreement; and the Company as borrower and Manureen Holdings as lender will enter into the New Loan Agreement pursuant to which Manureen Holdings shall provide an unsecured loan facility of up to RMB450 million (equivalent to approximately HK\$504 million) to the Group subject to the terms of the New Loan Agreement.

The provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As both of the Connected Borrower and Manureen Holdings are ultimately owned as to 70% and 30% by Dr. Lin and Madam Su respectively, both of whom are the executive Directors, and Manureen Holdings is the controlling Shareholder, the Connected Borrower and Manureen Holdings are connected persons of the Company under Chapter 14A of the Listing Rules. The entering into of the New Loan Agreement, the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement and the transactions contemplated thereunder will also constitute connected transaction on the part of the Company under Chapter 14A of the Listing Rules and are subject to, among others, the Independent Shareholders’ approval at the SGM.

LETTER FROM VEDA CAPITAL

The voting in respect of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement at the SGM will be conducted by way of a poll.

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 Bank Loan Agreement, the New Loan Agreement, the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder. We, Veda Capital, have been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time when they were made and continue to be true as at the date of the SGM. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

LETTER FROM VEDA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement, we have taken into consideration the following principal factors and reasons:

1. Background Information of the Group

The Group is principally engaged in (i) commercial printing; (ii) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags; (iii) distribution and sales of motor vehicle parts; (iv) provision of securities brokerage services and margin financing; (v) trading of electronic products, computer components; and (vi) property investment.

Set out below a summary of financial results of the Group for the six months ended 30 June 2016, two years ended 31 December 2014 and 31 December 2015:

1. *For the six months period ended 30 June 2016*

As set out in the interim report of the Company for the six months period ended 30 June 2016 (“**IR 2016**”), the Group recorded unaudited revenue of approximately HK\$92,844,000, representing an increase of approximately 20.05% from that for the six months period ended 30 June 2015 of approximately HK\$77,335,000. Pursuant to the IR 2016, the increase was due to increase in sales of goods and interest income from margin financing.

The Group recorded an unaudited profit of approximately HK\$81,689,000 for the six months period ended 30 June 2016, as compared to a loss of approximately HK\$9,873,000 for the six months period ended 30 June 2015. The turnaround from loss to profit was due to significant increase in net exchange gain and fair value gain on investment properties.

As set out in the IR 2016, the Group has unaudited current assets of approximately HK\$378,623,000 as at 30 June 2016 in which cash and cash equivalents approximately HK\$82,090,000 and the Group’s current liabilities as at 30 June 2016 were approximately HK\$235,264,000.

2. *For the year ended 31 December 2015*

As set out in the annual report of the Company for the 12 months period ended 31 December 2015 (“**AR 2015**”), the Group recorded audited revenue of approximately HK\$202,018,000, representing an increase of approximately 91.01% from that the unaudited revenue for the year ended 31 December 2014 of approximately HK\$105,761,000. Pursuant to the AR2015, the significant increase in Group’s revenue was primarily due to the increase in revenue contributed by Motor Vehicle Parts Business and new source of revenue contributed by the new business segments including Financial Services Business and Trading Business during the year. During the year, the Motor Vehicle Parts Business contributed revenue of approximately HK\$95.4 million as

LETTER FROM VEDA CAPITAL

compared with HK\$23.9 million in the last corresponding year, while the Financial Services Business and Trading Business contributed revenue of approximately HK\$5.0 million and approximately HK\$21.9 million, respectively.

The Group recorded an audited profit of HK\$32,639,000 as compared to an unaudited loss for the year ended 31 December 2014 of approximately HK\$38,584,000. The turnaround from loss to profit from continuing operations was mainly due to the fair value gains on investment properties of approximately HK\$90.1 million (2014: HK\$20.4 million), which was partly offset by the related deferred taxation of the fair value gains of approximately HK\$14.5 million (2014: HK\$9.6 million) as well as the increase in corporate expenses of approximately HK\$14.9 million. The increase in corporate expenses was mainly due to increase in the staff costs, increase in rental expenses for the new head office in Hong Kong and the equity-settled share option expenses.

As set out in the AR 2015, the Group has audited current assets of approximately HK\$456,574,000 as at 31 December 2015 in which cash and cash equivalents approximately HK\$107,846,000 and the Group's current liabilities as at 31 December 2015 were approximately HK\$236,550,000.

3. *For the nine months period ended 31 December 2014*

As set out in the annual report of the Company for the nine months period ended 31 December 2014 ("**AR 2014**"), the Group recorded audited revenue of approximately HK\$89,184,000, which represented an increase of approximately 39.4% to that of the last corresponding period of approximately HK\$63,963,000. Gross profit margin of the Group has been decreased to 48.3% for the current period, as compared to 62.9% for the last corresponding period. The Group recorded an audited loss of HK\$6,816,000, representing a decrease of approximately 70.71% from profit for the last corresponding period of approximately HK\$23,273,000.

As set out in the AR 2014, the increase in revenue was primarily due to the new business segment of sales and distribution of motor vehicle parts established during the period, however, due to trading nature of motor vehicle parts business segment, this new business segment led to overall decrease in gross profit margin. The loss attributable to equity holders from continuing operations 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.

As set out in the AR 2014, the Group has audited current assets of approximately HK\$331,834,000 as at 31 December 2014 in which cash and cash equivalents approximately HK\$281,488,000 and the Group's current liabilities as at 31 December 2014 were approximately HK\$120,462,000.

LETTER FROM VEDA CAPITAL

2. Background and reasons for the entering into of New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement

The Group is principally engaged in (i) commercial printing; (ii) manufacture and sale of hangtags, labels, shirt paper boards and plastic bags; (iii) distribution and sales of motor vehicle parts; (iv) provision of securities brokerage services and margin financing; (v) trading of electronic products and computer components; and (vi) property investment.

As mentioned in the IR 2016, the Directors will continue to explore the potential opportunities to develop the businesses of the Group with the view of sustaining long term growth of the Group. It is contemplated that sufficient financing would be required for the Group's business development.

According to the IR 2016, the two significant segments for the Company are the commercial printing and hangtag segment, which recorded a revenue of approximately 46.80% of the total revenue of the Group for the six months period ended 30 June 2016, and motor vehicle parts segment, which recorded a revenue of approximately 42.83% of the total revenue of the Group for the six months period ended 30 June 2016.

The operating environment of both commercial printing and hangtag businesses will continue to be competitive in the coming years due to the intensive competition and decreasing demand. As set out in the IR 2016, the Group is in the process of setting up the PRC operations of Motor Vehicle Parts Segment in Guangzhou. The Company is expecting that the PRC operations will effectively contribute to the business expansion of the sales and distribution of motor vehicle parts business. The Group is also sourcing different brands of motor vehicle parts suppliers in order to broaden the variety of products offered to the customers.

As noted from the AR 2015, the commercial printing business of the Group is a key segment for the Company, which account for approximately 58.38% of the total revenue. However, the intense competition in the commercial printing business of the Group shall limit the Group to pass the inflating operating cost to customers. According to the listing document of REF Holdings Limited (stock code: 8177), the market participants in the financial printing industry are highly concentrated.

Having considered the abovementioned, it is expected that the market conditions will remain tough in near future, the Group is in need to explore potential opportunities in order to sustain the Group's long term business growth.

Reference is made to the circular of the Company dated 25 January 2017 (the "**VSA Circular**") in relation to the acquisition (the "**Acquisition**") of 60% of the issued share capital of Top Eagle International Trading Limited ("**Top Eagle**") which is principally engaged in trading of scrap materials. It mainly acts as an agent by sourcing scrap materials, such as metals, electrical appliances, wires, cables, copper clad laminate and plastics, from Hong Kong and overseas markets and reselling to recyclers and scrap materials processors in the Guangxi Province, the PRC. The wholly owned subsidiary of Top Eagle is a company incorporated in the PRC and principally engaged in recycling, dismantling and sales of scrap materials, including nonferrous metals (such as copper and aluminium), iron and plastics.

LETTER FROM VEDA CAPITAL

As noted from the VSA Circular, the growth potential of the target group is currently limited by its production capacity as well as the working capital to support a larger business scale.

We noted that the Acquisition is not yet completed. The circular in relation to the Acquisition was despatched on 25 January 2017 and the expected completion date of the Acquisition is around late February 2017.

As advised by the management of the Company, due to expansion of business, the Group is in need of fund to support the working capital needs of the Group and potential funding is also required for the newly acquired business of dismantling and trading of scrap materials in the PRC under the Acquisition.

We are given to understand that, having considered the funding need of the Group, the management of the Group has approached five banks in the PRC, of which the Group has opened bank accounts, for debt financing. We are further given to understand that the Group is not able to obtain any loan terms from those banks.

Having considered the difficulties of the Group to obtain debt financing from independent banks and the Connected Borrower has substantial scale of operation in the PRC, Dr. Lin, being the controlling Shareholder and the chairman of the Company, together with his spouse Madam Su have continuously provided financial support to the Company by way of Existing Loan Agreement, entered into the Bank Loan Agreement with the Bank and the New Loan Agreement with the Company in order to provide financial assistance to the Group.

We are given to understand from the management of the Company and have reviewed the Bank Loan Agreement and noted that the Bank requested for, among others, the Corporate Guarantee and the Property Pledge for granting the Bank Loan Facility of up to RMB170 million.

As noted from the letter from the Board in the Circular (the “**Letter from the Board**”), the Group intends to draw additional loan of approximately RMB54 million (equivalent to approximately HK\$60 million) under the New Loan Agreement for working capital purpose when the New Loan Agreement is effective. Since the Group plans to draw additional sum under the Manureen Loan Facility in comparison with that under the Existing Loan Agreement and the outstanding principal amount under the New Loan Agreement exceeds the Bank Loan Facility, the Directors consider that it is fair and reasonable for the Group to provide the Corporate Guarantee and the Property Pledge in favour of the Bank as security under the Bank Loan Agreement.

As noted from the Letter from the Board, Manureen Holdings as lender and the Company as borrower entered into the Existing Loan Agreement, pursuant to which Manureen Holdings shall provide the unsecured loan facility of up to RMB300 million to the Group. Under the Existing Loan Agreement, the interest rate is 8.2% per annum. The interest rate of 8.2% is as same as the interest rate (including service fee) of a loan borrowed by a company jointly owned by Dr. Lin and Madam Su from an independent commercial bank in the PRC, and was determined with reference to the market rate as quoted by the independent commercial bank. As mentioned, the Group had approached different banks for debt financing, but the proposed terms were less favourable than the terms under the Existing Loan Agreement.

LETTER FROM VEDA CAPITAL

As further noted from the Letter from the Board, after arm's length negotiations, Manureen Holdings and the Company will terminate the Existing Loan Agreement upon the entering into of the New Loan Agreement, which shall be within five (5) Business Days after obtaining Independent Shareholders' approval at the SGM. All outstanding principal amount drawn by the Group under the Existing Loan Agreement shall be deemed as the amount drawn under the New Loan Agreement. As at the Latest Practicable Date, the outstanding principal amount owed by the Group to Manureen Holdings under the Existing Loan Agreement amounts to approximately RMB216 million.

As noted from the VSA Circular, the Company has to pay HK\$22 million at completion of the Acquisition, which is expected to be happened in late February 2017. Such amount is expected to be funded by Manureen Loan Facility.

Also, we have reviewed the breakdown of the working capital requirements of the Company for maintaining the daily operation for the head office which includes staff cost, rental expenses, administrative cost and finance cost respectively, and cash flows to support the business turnover of its distribution and sales of motor vehicle parts business. The total annual amount is approximately HK\$57.6 million for coming year.

Moreover, as noted from the IR 2016, the cash position of the Company was approximately HK\$82 million while the interest bank borrowing which is within one year or on demand amounted to approximately HK\$167 million. As advised by the management of the Company, the latest cash position as at November 2016 was amounted to HK\$72 million.

Given the cash position of the Company and the abovementioned capital need of the Company, we are of the view that the Company has immediate funding need.

Having considered (i) the competitive business environment facing by the Group; (ii) the funding need for expansion of business of the Group and immediate capital need of the Group for the newly acquired business under the Acquisition which is expected to be completed in around late February 2017; (iii) the difficulties of the Group to obtain debt financing from independent Commercial banks and/or financial institutions; (iv) the proposed terms by the approached Commercial banks and/or financial institutions were less favourable than the terms under the Existing Loan Agreement; (v) the provision of Corporate Guarantee and Property Pledge in substance can obtain more outstanding principal amount under the New Loan Agreement than the Bank Loan Facility; and (vi) the financial support from Dr. Lin, who is the controlling Shareholder, together with his spouse Madam Su will bring positive impression to the Shareholders and potential investors of the Company, we concur with the view of the Directors that it is fair and reasonable for the Company and in the interest of the Company and the Independent Shareholders as a whole to (a) provide the Corporate Guarantee and the Property Pledge in favour of the Bank as security under the Bank Loan Agreement; and (b) enter into the New Loan Agreement.

LETTER FROM VEDA CAPITAL

3. Principal terms of the Bank Loan Agreement and the New Loan Agreement

The Bank Loan Agreement

| | |
|-------------------------|---|
| Parties: | (i) the Connected Borrower as borrower; and (ii) the Bank as lender |
| Loan facilities amount: | up to RMB170 million (equivalent to approximately HK\$190.4 million) |
| Interest rate: | reference to the RMB interest rate set by the People's Bank of China |
| Repayment terms: | One year |
| Security: | (i) the personal guarantee by each of Dr. Lin Xiaohui and Madam Su Jiaohua, both of whom are executive Directors; (ii) Corporate Guarantee; and (iii) the Property Pledge |

The New Loan Agreement

| | |
|-------------------------|--|
| Parties: | (i) the Company as borrower; and (ii) Manureen Holdings as lender |
| Loan facilities amount: | up to RMB450 million (equivalent to approximately HK\$504 million) |
| Interest rate: | (1) for the first RMB170 million (equivalent to approximately HK\$190.4 million) drawn or to be drawn under the Manureen Loan Facility shall be the lower of (i) the interest rate under the Bank Loan Facility; or (ii) 8.2% per annum; and (2) for any further amount drawn or to be drawn under the Manureen Loan Facility, the interest rate shall be 8.2% per annum. |
| Repayment terms: | 18 months |
| Security: | unsecured |

LETTER FROM VEDA CAPITAL

The Existing Loan Agreement

| | |
|---|--|
| Parties: | (i) the Company as borrower; and (ii) Manureen Holdings as lender |
| Loan facilities amount: | up to RMB300 million (equivalent to approximately HK\$336 million) |
| Current outstanding amount (as at the Latest Practicable Date): | RMB216 million (equivalent to approximately HK\$242 million) |
| Interest rate: | 8.2% per annum |
| Repayment terms: | 18 months |
| Security: | unsecured |

After arm's length negotiations, Manureen Holdings and the Company will terminate the Existing Loan Agreement upon the entering into of the New Loan Agreement, which shall be within five (5) Business Days after obtaining Independent Shareholders' approval at the SGM. All outstanding principal amount drawn by the Group under the Existing Loan Agreement shall be deemed as the amount drawn under the New Loan Agreement.

As the loan under the Existing Loan Agreement of RMB300 million will be expired in September 2017, the entering of the New Loan Agreement by the Company could obtain additional of RMB150 million and extension of the RMB300 million for further period.

According to the New Loan Agreement, (1) for the first RMB170 million (equivalent to approximately HK\$190.4 million) drawn or to be drawn under the Manureen Loan Facility shall be the lower of (i) the interest rate under the Bank Loan Facility; or (ii) 8.2% per annum; and (2) for any further amount drawn or to be drawn under the Manureen Loan Facility, the interest rate shall be 8.2% per annum.

The entering of the Bank Loan Agreement, provision of Corporate Guarantee and Property Pledge by the Company and the entering of the New Loan Facility as a whole is in substance a package of financing arrangement of the Company with the assistance of Dr. Lin and Madam Su. In order to assess the fairness and reasonableness of the terms of the Bank Loan Agreement including the Corporate Guarantee and the Property Pledge and the New Loan Agreement, we have conducted analysis as follows:

3.1 The Corporate Guarantee and the Property Pledge

As set out in the Letter from the Board, the Property Pledge of a value of RMB228 million for the Bank Loan Facility of RMB170 million represents a loan-to-collateral ratio of approximately 75%, which is higher than the loan-to-collateral ratio of the Group's existing borrowings of not exceeding 60% of the collaterals. This implied that the Connected Borrower is able to borrow a higher loan amount as closer to what the collateral is worth as compared to the ratio of the Group's existing borrowings, it is better off from the borrower's perspective as a lower loan-to-collateral ratio such as 60% would mean they could borrow no more than RMB137 million from the lender. Thus, it is better off from the borrower's perspective.

The Corporate Guarantee shall be provided by the Company in favour of the Bank to secure all the obligations of the Connected Borrower under the Bank Loan Agreement. The Corporate Guarantee shall be executed on the same date as the Bank Loan Agreement and shall be irrevocable and unconditional.

In the event that Connected Borrower has defaulted in its repayment due to the Bank and the Bank has enforced the Corporate Guarantee and/or the Property Pledge, the Company would incur a liability equivalent to the amount due by the Connected Borrower to the Bank. In the case of the enforcement of the Property Pledge by the Bank, the Company may subject to the disposal of the PRC Properties, which are currently held by the Group as investment properties to generate rental income, for the repayment of such outstanding amount.

Nevertheless, Manureen Holdings agrees to fully indemnify the Company under the New Loan Agreement if the Connected Borrower has been in default in repayment and the Group has to pay any amount under the Corporate Guarantee and/or the Property Pledge.

As the minimum loan amount under the New Loan Agreement of RMB270 million is larger than the limit of Corporate Guarantee and/or the Property Pledge, the Company could request for indemnification from Manureen Holdings through offsetting the loan amount under the New Loan Agreement.

We have also enquired with Manureen Holdings regarding the business and financial information but failed to obtain relevant information given that these are private and confidential information of Dr. Lin and Madam Su. However, given the Connected Borrower is able to obtain a substantial amount of loan from the bank and Maureen Holdings may also indemnify the Company by set off the loan owed by the Company to Manureen Holdings, we believe that the Company is able to be indemnified if the Connected Borrower is in default in payment.

Apart from the above, the Bank may also enforce the Corporate Guarantee and/or the Property Pledge upon occurrence of various events of defaults, including (1) breach of the terms of the Bank Loan Agreement by the Connected Borrower; (2) any secured Bank Loan Facility ceases to be legal and valid or otherwise be restricted; (3) any security to be created under the Corporate Guarantee and/or Property Pledge ceases to be legal and valid or otherwise be restricted; (4) any warranties given by the Company and/or its subsidiaries under the Corporate Guarantee and/or the Property Pledge are incorrect; (5) breach of any undertakings and/or other terms by the Company under the Corporate Guarantee; (6) the occurrence of events such as liquidation or material litigation which would cause material adverse effect

LETTER FROM VEDA CAPITAL

on the financial position of the Company and its performance of its obligations under the Corporate Guarantee; and (7) there occurs any events which would adversely impact the rights of the Bank under the Property Pledge.

In the event that Connected Borrower has defaulted in its repayment due to the Bank and the Bank has enforced the Corporate Guarantee and/or the Property Pledge, the Company would incur a liability equivalent to the amount due by the Connected Borrower to the Bank. In the case of the Property Pledge, the Company may subject to the disposal of the PRC Properties, which are currently held by the Group as investment properties to generate rental income, for the repayment of such outstanding amount.

Nevertheless, Manureen Holdings agrees to fully indemnify the Company if the Connected Borrower has been in default in repayment and the Group has to pay any amount under the Corporate Guarantee and/or the Property Pledge.

Having considered (i) the Property Pledge represents higher loan-to-collateral ratio as compared to existing borrowings which implied a better term to the Company; (ii) Manureen Holdings will fully indemnify the Company if the Connected Borrower has been in default in payment; and (iii) the Corporate Guarantee and the Property Pledge are the terms under Bank Loan Agreement required by the Bank for the lending of the Bank Loan Facility amounted to RMB170 million and the Bank is an independent third party to the Company, we are of the view that the Corporate Guarantee and the Property Pledge are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3.2 Interest rate

According to the New Loan Agreement, (1) for the first RMB170 million (equivalent to approximately HK\$190.4 million) drawn or to be drawn under the Manureen Loan Facility shall be the lower of (i) the interest rate under the Bank Loan Facility; or (ii) 8.2% per annum; and (2) for any further amount drawn or to be drawn under the Manureen Loan Facility, the interest rate shall be 8.2% per annum.

The interest rate under the Bank Loan Facility

As noted from the Letter from the Board, the current prime interest rate for one-year RMB loan is 4.35% per annum in accordance to the People's Bank of China. The Directors understands from the Connected Borrower that the Bank has preliminarily indicated that a floating interest rate of approximately 40% to 70% will be charged on top of the interest rate of 4.35% set by the People's Bank of China.

We have researched and noted that according to the People's Bank of China, the current RMB Loan Prime Rate for loan tenor between 1 to 5 years (including 5 years) is 4.75%. We have also enquired with the management of the Company and we are given to understand that the actual floating rate charged by the Bank varies depending on the loan details of the borrowers and sufficiency of available fund in the market at the time when drawing down the Bank Loan Facility and the top-up rate of 40%-70% is a verbal indication from the Bank with reference to the precedent clients of the Bank and the scale of the Connected Borrower.

LETTER FROM VEDA CAPITAL

Given the interest rate of the Bank Loan Facility is reference to the RMB interest rate set by the People's Bank of China, which is a benchmark, and the Bank is an independent third party to the Company, we are of the view that the interest rate of the Bank Loan Facility is on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

The interest rate of 8.2% per annum

Concerning the interest rate of 8.2% per annum, we noted that such interest rate is as same as the interest rate under the Existing Loan Agreement. We have been advised by the Company that the Group has attempted to obtain loan facility using pledge of property held by subsidiaries in the PRC from a number of commercial banks in the PRC, however the scale of operation of the PRC subsidiaries of the Group have not yet achieved a critical mass to negotiate for favourable terms of borrowings and terms initially provided by the commercial banks approached were much less favourable than the terms of the New Loan Agreement.

As mentioned previously in the letter, the interest rate of 8.2% is at the same as the interest rate (including service fee) of a loan (the **"Shareholders Bank Loan"**) borrowed by a company jointly owned by Dr. Lin and Madam Su from an independent commercial bank in the PRC (the **"Shareholders Bank Loan Agreement"**), in order to finance the Manureen Loan Facility. We have reviewed the Shareholders Bank Loan Agreement accordingly and noted that the term of the loan was two years with an interest rate of approximately 8.2% per annum (including service fee).

The lender under the Shareholders Bank Loan Agreement is a licensed commercial bank regulated by the China Banking Regulatory Commission in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are Independent Third Parties.

We understand that the definition of normal commercial terms under chapter 14A of the listing rules are terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the listed issuer's group than terms available to or from independent third parties.

We have attempted to compare the interest rates under the loan agreement that the Company entered with other independent commercial banks. As mentioned above, the Group is unable to obtain bank loan with an amount comparable to the Bank Loan Facility so no comparable terms can be identified.

We have also conducted research on interest rates for RMB loans charged by commercial banks in the PRC to the companies listed in Hong Kong, Shenzhen and Shanghai and with similar businesses with the Group. Due to the diversified business nature of the business of the Group and limited information available to the public, we are unable to identify sufficient information to achieve our purpose of comparison analysis.

We are also given to understand that the Group's subsidiaries in the PRC are principally engaged in property investment business, however they are unable to obtain bank loan with an amount comparable to the Bank Loan Facility due to their current operating scale.

LETTER FROM VEDA CAPITAL

Given that the borrower of the Shareholders Bank Loan was a company jointly owned by Dr. Lin and Madam Su, which is principally engaged in real estate development business, in this regard, in order to assess whether the interest rate of 8.2% is on normal commercial term, we have made reference to the borrowing rate of those companies which engages in real estate development business. We have therefore reviewed annual reports of a number of real estate development companies listed on Shenzhen Stock Exchange and Shanghai Stock Exchange to compare the interest rates they paid for medium-term loans in the PRC.

Based on the available information, the average interest rate these companies paid for loans dominated in RMB to the commercial banks in the PRC are ranging from 4.75% to 9.00% (the “**Comparable IR Range**”). The interest rate of 8.2% per annum lies within the said range.

Given the 8.2% interest was determined upon arm’s length negotiation between the lender and the borrower under the Shareholders Loan Agreement and it lies within the Comparable IR Range, we are of the view that the interest of 8.2% is on normal commercial term. Having further considered that the New Loan Agreement is the only debt financing way for a substantial amount of money at this moment, we are of the view that the interest rate of 8.2% is fair and reasonable.

Having considered the above and given that the interest rates of 8.2% per annum under the New Loan Agreement are the actual interest rate charged under the Shareholders Loan Agreement pursuant to which the lender is a licensed commercial bank regulated by the China Banking Regulatory Commission in the PRC and independent to the Company and Dr. Lin and Madam Su, we are of the view that the interest rate of 8.2% is on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3.3 Undertakings

- (i) Manureen Holdings undertakes that it will not demand for repayment of all or part of the Manureen Loan Facility as long as there is outstanding amount under the Bank Loan Facility (the “**1st Undertaking**”); and
- (ii) Manureen Holdings further undertakes that if the outstanding principal amount under the Manureen Loan Facility is below RMB270 million, it will procure the release and discharge of the Corporate Guarantee and the Property Pledge under the Bank Loan Agreement or otherwise procure the Connected Borrower to repay all the outstanding amount under the Bank Loan Facility (the “**2nd Undertaking**”).

We are given to understand the undertakings of minimum amount of Manureen Loan Facility of RMB270 million was reference to the valuation of properties under the Property Pledge with a buffer for its potential appreciation.

The Manureen Loan Facility is an unsecured loan facility of up to RMB450 million pursuant to the terms of the New Loan Agreement, the current outstanding principal amount owed by the Group to Manureen Holdings under the Existing Loan Agreement amounted to approximately RMB216 million. Also the Group intends to draw additional loan of approximately RMB54 million (equivalent to approximately HK\$60 million) under the New

LETTER FROM VEDA CAPITAL

Loan Agreement for working capital purpose when the New Loan Agreement is effective, thus the outstanding principal amount to be owed by the Group to Manureen Holdings under the New Loan Agreement when comes effective, would be amounted to RMB270 million. It is expected that additional funding could be required to withdraw under the New Loan Agreement in the near future if potential opportunities are identified to develop the businesses of the Group with the view to sustain long-term growth of the Group.

Having considered that (i) the 1st Undertaking has mitigated the repayment burden of the Company; (ii) the outstanding principal amount of the Manureen Loan Facility available to the Company is comparable to the security provided by the Company i.e. the Property Pledge, we are of the view that the 1st Undertaking and the 2nd Undertaking are fair and reasonable.

Having considered all the factors mentioned above, we are of the view that the terms of the provision of Corporate Guarantee and Property Pledge and the New Loan Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement are not in the ordinary and usual course of business of the Group but on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Group and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolutions for approving the New Loan Agreement and the provision of Corporate Guarantee and the Property Pledge under the Bank Loan Agreement.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a responsible officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in investment banking and corporate finance.

The following is the text of a letter and valuation certificate, prepared and made for the purpose of incorporation in this circular by B.I. Appraisals Limited, an independent valuer, in connection with its valuation as at 30 November 2016 of the PRC Properties.

**B. I. Appraisals Limited**
保柏國際評估有限公司**Registered Professional Surveyors, Valuers & Property Consultants**

Unit 1301, 13th Floor, Tung Wai Commercial Building,

Nos. 109-111 Gloucester Road, Wan Chai, Hong Kong

Tel: (852) 2127 7762

Fax: (852) 2137 9876

Email: info@biappraisals.com

Website: www.biappraisals.com

27 January 2017

The Board of Directors
Realord Group Holdings Limited
Suite 2403-2410
24th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

Dear Sirs,

- Re: (1) Units 3306 to 3310 on 33rd Floor, Excellence Time Square at the junction of Yitian Road and Fuhua Road, Central District, Futian District, Shenzhen, Guangdong Province, The People's Republic of China ("PRC"); and**
- (2) The industrial complex at No. 5 Fuye Road, Shengkeng Community, Zhangkengjing, Guanlan, Longhua New District, Shenzhen, Guangdong Province, the PRC**

In accordance with the instructions from Realord Group Holdings Limited (hereinafter referred to as the "Company") for us to value the captioned properties (hereinafter referred to as the "PRC Properties"), which are held for investment by the Company and/or its subsidiaries (hereinafter collectively referred to as the "Group") we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the PRC Properties as at 30 November 2016 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used by the Company for disclosure purpose.

This letter, forming part of our valuation report, identifies the properties being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of each of the PRC Properties is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2012 Edition issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In valuing the PRC Properties, which are held for investment by the Group, we have adopted the Direct Comparison Method assuming it is capable of being sold with immediate vacant possession and making reference to comparable sales evidence as available from the relevant market or, wherever appropriate, the Investment Method by taking into account the current rent(s) passing and the reversionary income potential of such properties.

VALUATION ASSUMPTIONS

Our valuation is made on the assumption that the PRC Properties would be sold in the open market without the benefit of deferred term contracts, lease backs, joint ventures, management agreements, or any similar arrangements, which could serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in valuation.

We have assumed that the PRC Properties have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that all consents, approvals, required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the PRC Properties upon which our valuation is based.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the PRC Properties are free from encumbrances, restrictions and outgoing of an onerous nature that could affect their values.

TITLE INVESTIGATION

We have been provided by the Company with copies of title documents and a legal opinion dated 27 January 2017 prepared by 廣東華商律師事務所 (Guangdong Huashang Law Firm), the Company’s legal advisor on the PRC law (hereinafter referred to as the “PRC Legal Advisor”), regarding the title to and the interest in the PRC Properties. We have not inspected the original of the title documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents and leases have been used for reference only.

In the course of our valuation, we have relied on the advices given by the Company and the legal opinion of the PRC Legal Advisor regarding the title to and the interest in the PRC Properties. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the PRC Properties that is assumed to be good and marketable.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the PRC Properties on 25 January 2017. In the course of our inspections, we did not note any serious defects. No structural surveys have been made nor have any tests been carried out on any of the building services provided in the PRC Properties. Therefore, we are not able to report whether the PRC Properties are free of rot, infestation or any other structural defects.

We have not carried out any on-site measurements to verify the correctness of the site and floor areas of the PRC Properties but have assumed that the areas shown on the documents provided to us are correct. Dimensions, measurements and areas included in the valuation certificates attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

We have relied to a considerable extent on the information provided by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the PRC Properties. We have not seen original planning consents and have assumed that the PRC Properties have been erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Our valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

This report and each part of it is prepared and intended for the exclusive use of the Company for the purpose hereinbefore stated. In accepting this report, the Company expressly agrees not to use or rely upon this report or any part of it for any other purpose without obtaining our prior written consent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation certificates are Renminbi (RMB).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company, the PRC Properties or the values reported herein.

Our valuation certificates are enclosed herewith.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED
William C. K. Sham
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
MRICS, MHKIS, MCIREA
Executive Director

Notes:

1. Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 30 years' experience in the valuation of properties in Hong Kong and has over 15 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.
2. The Property was inspected by Mr. Ken W. C. Tsang, the Assistant Manager, on 25 January 2017. Mr. Tsang has more than 13 years' experience in the valuation of properties in Hong Kong and the People's Republic of China.

SUMMARY OF VALUES

| Property | Market value in existing state as at 30 November 2016 (RMB) |
|---|--|
| Properties held for investment by the Group in the PRC | |
| 1. Units 3306 to 3310 on 33rd Floor, Excellence Time Square at the junction of Yitian Road and Fuhua Road, Central District, Futian District, Shenzhen, Guangdong Province, the PRC | 80,000,000 |
| 2. The industrial complex at No. 5 Fuye Road, Shengkeng Community, Zhangkengjing, Guanlan, Longhua New District, Shenzhen, Guangdong Province, the PRC | 148,000,000 |
| Total: | 228,000,000 |

VALUATION CERTIFICATE

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 30 November 2016 |
|---|---|--|---|
| 1. Units 3306 to 3310 on 33rd Floor, Excellence Time Square at the junction of Yitian Road and Fuhua Road, Central District, Futian District, Shenzhen, Guangdong Province, the PRC | <p>Excellence Time Square, completed in about 2006, is a high-rise office building located at the southeastern corner of the junction of Yitian Road and Fuhua Road within Futian District of Shenzhen.</p> <p>The property comprises five adjoining office units on Level 33 of the subject development.</p> <p>The total gross floor area of the property is approximately 1,019.06 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years from 18 March 2002 to 17 March 2052 for commercial and office uses.</p> | The property is tenant-occupied under a tenancy for a term of 3 years from 11 November 2014 to 10 November 2017. The monthly rents for each year of the lease term are RMB346,480, RMB367,880 and RMB373,995 respectively. | RMB80,000,000 |

Notes:

- (1) Pursuant to five sets of Certificate of Real Estate Ownership 深房地字第3000771896號 (Shen Fang Di Zi No. 3000771896), 深房地字第3000771897號 (Shen Fang Di Zi No. 3000771897), 深房地字第3000771898號 (Shen Fang Di Zi No. 3000771898), 深房地字第3000771900號 (Shen Fang Di Zi No. 3000771900) and 深房地字第3000771901號 (Shen Fang Di Zi No. 3000771901) all registered on 8 January 2015 at Shenzhen Municipal Real Estate Property Ownership Registration Centre, the ownership of the property with a total gross floor area of approximately 1,019.06 sq.m. is vested in 偉祿商業 (深圳) 有限公司 (Realord Commerce (Shenzhen) Limited). It is stated in the said certificates that the land use rights of the property have been granted for commercial and office uses for a term of 50 years commencing from 18 March 2002 to 17 March 2052.
- (2) The opinion of the PRC Legal Advisor is summarized as follows:
 - (a) Realord Commerce (Shenzhen) Limited is in possession of the proper legal title to the property and is entitled to transfer the property in accordance with the PRC law.
 - (b) The property is leased to a third party by a tenancy agreement that is legally valid and are mutually binding to the parties thereof.
 - (c) The property is not subject to any mortgage, seizure or other third party rights, except for the tenancies.
- (3) The status of title and grant of major approvals, consents or licences in accordance with the information provided by the Group are as follows:

Certificate of Real Estate Ownership

Obtained

VALUATION CERTIFICATE

| Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 30 November 2016 |
|--|---|---|---|
| 2. The industrial complex at No. 5 Fuye Road, Shengkeng Community, Zhangkengjing, Guanlan, Longhua New District, Shenzhen, Guangdong Province, the PRC | <p>The property comprises a factory compound and two dormitory buildings erected over a site with a site area of approximately 7,141.33 sq.m. situated at Zhangkeng Resident's Association of Zhangkengjing Community, Guanlan Street, Baoan District, Shenzhen.</p> <p>The gross floor area of the factory compound is approximately 12,225.88 sq.m. and the total gross floor area of the two dormitory buildings is approximately 6,007.12 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years from 5 March 1999 to 4 March 2049 for industrial use.</p> | The property is tenant-occupied under various tenancy agreements for common terms from 1 August 2016 to 31 July 2018 at a total monthly rent of approximately RMB441,600. | RMB148,000,000 |

Notes:

- (1) Pursuant to a set of Certificate of Fixed Assets Ownership 粵(2015)深圳市不動產權第0022334號 (Yue (2015) Shenzhen City Fixed Assets Ownership No. 0022334), the ownership of the property with a total gross floor area of approximately 18,233.00 sq.m. is vested in Qianhai Weilu Cross-border E-Commerce (Shenzhen) Co., Ltd. It is stated in the said certificate that the property is classified as commodity house (商品房) for factory use and its land use rights with a site area of 7,141.33 sq.m. have been granted for industrial use for a term of 50 years commencing from 5 March 1999 to 4 March 2049.
- (2) We understand that the Group has the intention to apply for the change of land use. However, we have been advised that details related to the proposed land use change have yet to be formulated. In the course of our valuation, we have not taken into account the effect, if any, of the intended application.
- (3) We have been advised that the property was acquired on 25 September 2015 and that the total cost of acquisition and the costs expended on the property were approximately RMB76,578,600.
- (4) The opinion of the PRC Legal Advisor is summarized as follows:
 - (a) Qianhai Weilu Cross-border E-Commerce (Shenzhen) Co., Ltd. is in possession of the proper legal title to the property and is entitled to transfer the property in accordance with the PRC law.
 - (b) The property is leased to a third party by various tenancy agreements that are legally valid and are mutually binding to the parties thereof.
 - (c) The property is not subject to any mortgage, seizure or other third party rights, except for the tenancies.
- (5) The status of title and grant of major approvals, consents or licences in accordance with the information provided by the Company are as follows:

Certificate of Fixed Assets Ownership

Obtained

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. 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 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, 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 |
|------------------|------------------------------------|--------------------------|--|
| Dr. Lin | Interest of controlled corporation | 785,001,518 (Note 1) | 68.26% |
| | Interest of spouse | 1,080,000 (Note 2) | 0.09% |
| | Beneficial owner | 1,080,000 (Note 3) | 0.09% |
| | | 787,161,518 | 68.45% |
| Madam Su | Interest of spouse | 786,081,518 (Note 4) | 68.35% |
| | Beneficial owner | 1,080,000 (Note 3) | 0.09% |
| | | 787,161,518 | 68.45% |
| Mr. Lin Xiaodong | Beneficial owner | 1,000,000 (Note 3) | 0.09% |
| Mr. Yu Leung Fai | Beneficial owner | 500,000 (Note 3) | 0.04% |
| Mr. Fang Jixin | Beneficial owner | 500,000 (Note 3) | 0.04% |
| Dr. Li Jue | Beneficial owner | 500,000 (Note 3) | 0.04% |

Notes:

- (1) As at the Latest Practicable Date, Manureen Holdings was the legal and beneficial owner of 785,001,518 Shares representing approximately 68.26% of the issued share capital of the Company. Since Dr. Lin owned 70% of the issued share capital of Manureen Holdings, he was deemed to be interested in 785,001,518 Shares under the SFO.
- (2) Dr. Lin, the spouse of Madam Su, was deemed under the SFO to be interested in 1,080,000 Shares which Madam Su interested in.
- (3) Under the share option scheme of the Company adopted on 10 August 2012, certain share options, each entitling its holder to subscribe for one Share, were granted on 20 May 2015 to the Directors with an exercise price of HK\$4.11 per Share and exercise period between 20 May 2017 and 19 May 2025. Accordingly, the Directors were regarded as having an interest in the underlying Shares.
- (4) Madam Su, the spouse of Dr. Lin, was deemed under the SFO to be interested in 786,081,518 Shares which Dr. Lin was deemed to be interested in.

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:

Long position in the Shares

| Name of shareholder | Capacity | Number of Shares held | Approximate percentage of the issued share capital of the Company |
|---------------------|------------------|--------------------------|--|
| Manureen Holdings | Beneficial owner | 785,001,518 (Note) | 68.26% |

Note:

As at the Latest Practicable Date, Manureen Holdings was the legal and beneficial owner of 785,001,518 Shares representing approximately 68.26% of the issued share capital of the Company. Manureen Holdings was owned as to 70% by Dr. Lin and as to 30% by Madam Su.

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.

3. DIRECTORS' INTERESTS

(i) Interests in contract or arrangement

Save for the Existing Loan Agreement, which Dr. Lin and Madam Su had interests in, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

(ii) Interests in assets

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 Enlarged Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

(iii) Interests in competing business

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS

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

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions, letters or advice contained in this circular:

| Name | Qualification |
|-------------------------|---|
| B.I. Appraisals Limited | Independent professional valuer |
| Veda Capital | A licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO |

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear. The letter of advice dated 27 January 2017 and the valuation report dated 27 January 2017 were made by Veda Capital and B.I. Appraisals Limited respectively for incorporation in the circular.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it has 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, each of the above experts did not have 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 Enlarged Group since 31 December 2015 (the date to which the latest published audited financial statements of the Company were made up).

7. 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 letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 14 of this circular;
- (ii) the letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 28 of this circular;
- (iii) the valuation report of the PRC Properties prepared by B.I. Appraisals Limited, the text of which is set out in Appendix I to this circular;
- (iv) the Existing Loan Agreement;
- (v) the New Loan Agreement;
- (vi) the Bank Loan Agreement, the Corporate Guarantee and the Property Pledge; and
- (vii) this circular.

8. GENERAL

- (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. Chan Ying Kay, who is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (iv) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text of the same.



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

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the **“Special General Meeting”**) of Realord Group Holdings Limited (the **“Company”**) will be held at 11:00 a.m. on Wednesday, 15 February 2017 at Capital Conference Services Limited at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the bank loan agreement (the **“Bank Loan Agreement”**) to be entered into within five (5) business days after passing this resolution between an independent PRC licensed commercial bank (the **“Bank”**) and 深圳市偉祿科技控股有限公司 (Shenzhen Realord Technology Holdings Limited*) (the **“Connected Borrower”**) in relation to, among others, the provision of the bank loan facility up to RMB170 million by the Bank to the Connected Borrower secured by, among others, the relevant corporate guarantee (the **“Corporate Guarantee”**) to be provided the Company and the property pledge of PRC properties held by two PRC subsidiaries of the Company (the **“Property Pledge”**) (a copy of which is marked “A” and produced to the Special General Meeting and signed by the chairman of the Special General Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved and the directors of the Company (the **“Directors”**) be and are hereby authorised to do all such acts and things and execute all such documents (including but not limited to the Corporate Guarantee and the Property Pledge) which they consider necessary, desirable or expedient for the implementation of and giving effect to the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder;
- (b) the loan agreement (the **“New Loan Agreement”**) to be entered into within five (5) business days after passing this resolution between Manureen Holdings Limited (**“Manureen Holdings”**) as lender and the Company as borrower in relation to, among others, the provision of the unsecured loan facility up to RMB450 million by Manureen Holdings to the Company and its subsidiaries (a copy of which is marked “B” and produced to the Special General Meeting and signed by the chairman of the Special General Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved and the Directors be and hereby authorised to do all such acts and things and execute all such documents (including but not limited to the New Loan Agreement) which they consider necessary, desirable or expedient for the implementation of and giving effect to the New Loan Agreement and the transactions contemplated thereunder; and

NOTICE OF SGM

- (c) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the Bank Loan Agreement, the Corporate Guarantee, the Property Pledge and the New Loan Agreement and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the Corporate Guarantee, the Property Pledge and the New Loan Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 27 January 2017

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 Special General 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 Special General 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 Dr. 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.