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If you have sold or transferred all your shares in **Eagle Legend Asia Limited**, you should at once hand this circular to the purchaser or the transferee, or to the stockbroker, registered dealer in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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EAGLE LEGEND ASIA LIMITED

鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 936)

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
BY WAY OF SET OFF AGAINST THE OUTSTANDING PROMISSORY NOTE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to Eagle Legend Asia Limited



Optima Capital Limited

Independent financial adviser

to the Independent Board Committee and the Independent Shareholders



**GOLDIN FINANCIAL LIMITED
高銀融資有限公司**

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 12 and 13 of this circular. A letter from Goldin Financial containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 27 of this circular.

A notice convening the EGM to be held at 11:00 a.m. on Tuesday, 21 November 2017 at the Seminar Room on 16/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong is set out on pages EGM-1 and EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services 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 appointed time for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish.

31 October 2017

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DEFINITIONS

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

“Agreement”	the conditional subscription agreement dated 11 October 2017 entered into between the Company and the Subscriber in relation to the Subscription
“associates”	has the meaning ascribed thereto under the Listing Rules
“Best Earnest”	Best Earnest Investments Limited 佳誠投資有限公司, a company incorporated in the British Virgin Islands with limited liability and an indirect 51%-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Eagle Legend Asia Limited 鵬程亞洲有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 936)
“Completion”	completion of the Subscription in accordance with the terms of the Agreement
“connected person”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares
“Goldin Financial”	Goldin Financial 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 the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Subscriber, his associates and other Shareholders who have a material interest in the Subscription
“Last Trading Day”	11 October 2017, being the date of the Agreement
“Latest Practicable Date”	25 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Promissory Note”	the unsecured and interest-free promissory note issued by the Company in the total outstanding principal amount of HK\$110,000,000, which shall be repayable on 23 December 2018
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to allot and issue the Subscription Shares to be sought for approval from the Independent Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	何曉陽先生 (Mr. He Xiaoyang), the holder of the Promissory Note, a substantial shareholder holding a 49% equity interest in Best Earnest and a director of group companies of Best Earnest

DEFINITIONS

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Agreement
“Subscription Price”	the subscription price of HK\$1.10 per Subscription Share
“Subscription Share(s)”	the new Share(s) to be allotted and issued by the Company to the Subscriber pursuant to the Agreement
“substantial shareholder“	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED

鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 936)

Executive Directors:

Mr. Zeng Li (*Chairman*)
Mr. Winerthan Chiu
Mr. Chan Ka Lun

Independent non-executive Directors:

Mr. Wan Tze Fan Terence
Mr. Tsui Robert Che Kwong
Ms. Yang Yan Tung Doris

Registered office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

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

Room 3607, 36/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

31 October 2017

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
BY WAY OF SET OFF AGAINST THE OUTSTANDING PROMISSORY NOTE**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 October 2017 in relation to, among other things, the Subscription.

After trading hours of the Stock Exchange on 11 October 2017, the Company and the Subscriber entered into the Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 100,000,000 Subscription Shares at the Subscription Price of HK\$1.10 per Subscription Share. The total consideration for the Subscription of HK\$110,000,000 payable by the Subscriber at Completion shall be set off against the total outstanding principal amount of the Promissory

LETTER FROM THE BOARD

Note of HK\$110,000,000 owed by the Company to the Subscriber on a dollar-for-dollar basis. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

The Subscriber is a connected person of the Company by virtue of him being a substantial shareholder holding a 49% equity interest in Best Earnest (an indirect 51%-owned subsidiary of the Company) and a director of group companies of Best Earnest. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to, among other things, the Independent Shareholders' approval.

The EGM will be convened for the purpose of considering and, if thought fit, to approve the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, has been established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares. Goldin Financial has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you, among other things, (i) further details of the Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder; (iii) the advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders in the same regard; and (iv) a notice of the EGM.

THE AGREEMENT

Date

11 October 2017

Parties

- (i) The Company, being the issuer; and
- (ii) Mr. He Xiaoyang, being the Subscriber.

As at the date of the Agreement, the Subscriber is a substantial shareholder holding a 49% equity interest in Best Earnest (an indirect 51%-owned subsidiary of the Company) and a director of group companies of Best Earnest, and is therefore a connected person of the Company.

LETTER FROM THE BOARD

Subject matter

Pursuant to the Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 100,000,000 Subscription Shares at the Subscription Price of HK\$1.10 per Subscription Share.

As at the Latest Practicable Date, the Subscriber is the holder of the Promissory Note in the total outstanding principal amount of HK\$110,000,000, which is unsecured, interest-free and shall be repayable on 23 December 2018. The total consideration for the Subscription of HK\$110,000,000 payable by the Subscriber at Completion shall be set off against such total outstanding principal amount of the Promissory Note on a dollar-for-dollar basis.

Subscription Price

The Subscription Price of HK\$1.10 per Subscription Share represented:

- (i) a premium of approximately 7.8% over the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day (being the date of the Agreement) of HK\$1.02 per Share;
- (ii) a premium of approximately 0.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$1.09 per Share;
- (iii) a discount of approximately 1.8% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day of approximately HK\$1.12 per Share;
- (iv) a premium of approximately 1.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$1.08 per Share;
- (v) a premium of approximately 20.9% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date of HK\$0.91 per Share; and
- (vi) a premium of approximately 323.1% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.26 per Share as at 30 June 2017 (based on the unaudited consolidated equity attributable to the Shareholders of approximately HK\$251,319,000 as at 30 June 2017 as disclosed in the interim report of the Company for the six months ended 30 June 2017 and 960,000,000 Shares then in issue).

The Subscription Price of HK\$1.10 per Subscription Share was determined after arm's length negotiations between the Company and the Subscriber taking into account, among other things, the prevailing market prices of the Shares.

LETTER FROM THE BOARD

Having taken into account the estimated expenses incidental to the Subscription of approximately HK\$600,000, the estimated net Subscription Price per Subscription Share is approximately HK\$1.09.

Subscription Shares

The 100,000,000 Subscription Shares represent (i) approximately 10.4% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 9.4% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$1,000,000.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM. The Company will apply to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares, when allotted and issued as fully paid or credited as fully paid, shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Conditions precedent

Completion is conditional upon the satisfaction of the following conditions:

- (i) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares;
- (ii) all necessary consents and approvals required to be obtained by the parties to the Agreement in respect of the Agreement and the transactions contemplated thereunder, including but not limited to the Subscription, having been obtained; and
- (iii) the passing of necessary resolution(s) at the EGM to be held and convened by the Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules and other applicable laws and regulations to approve the Agreement and the transactions contemplated hereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

In the event that the above conditions are not fulfilled by 31 December 2017 (or such other date as may be agreed by the parties to the Agreement), all rights, obligations and liabilities of the parties to the Agreement shall cease and determine and no party to the Agreement shall have any claim against the other save for any antecedent breaches of the Agreement.

Completion

Completion shall take place on the second Business Day (or such other date and time as may be agreed by the parties) after the satisfaction of all the abovementioned conditions precedent.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issuance of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date and up to Completion):

Name of the Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately after the allotment and issuance of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Harbour Luck Investments Limited (<i>Note</i>)	600,000,000	62.5	600,000,000	56.6
The Subscriber	—	—	100,000,000	9.4
Public Shareholders	<u>360,000,000</u>	<u>37.5</u>	<u>360,000,000</u>	<u>34.0</u>
Total	<u><u>960,000,000</u></u>	<u><u>100.0</u></u>	<u><u>1,060,000,000</u></u>	<u><u>100.0</u></u>

Note: Harbour Luck Investments Limited is wholly and beneficially owned by Mr. Zeng Li, an executive Director.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (i) the trading of construction machinery and spare parts, leasing of construction machinery under operating leases, and provision of repair and maintenance services in respect of construction machinery; and (ii) the cultivation, research, processing and sale of exocarpium citri grandis and its seedlings.

Based on the interim report of the Company for the six months ended 30 June 2017, the unaudited consolidated net current liabilities of the Company amounted to approximately HK\$41.1 million as at 30 June 2017, which included the carrying amounts of bonds payable (after adjustments of prepaid bonds interests, bonds renewal and arrangement fee incurred and respective amortisations) and accrued bonds interests of approximately HK\$58.5 million and HK\$70.5 million respectively. The total outstanding amount in relation to the aforesaid bonds, including the principal of HK\$100 million thereof and accrued bonds interests, will fall due in June 2018. Upon Completion, the total outstanding principal amount of the Promissory Note of HK\$110,000,000 due in December 2018 shall be capitalised into equity capital of the Company. The Subscription will alleviate the repayment pressure of the Group while retaining the cash resources of the Group for other business developments and fulfillment of other financial obligations. It also strengthens the financial position of the Group by reducing the gearing ratio and broadening the capital base.

LETTER FROM THE BOARD

The Board considered that the Subscription is a more viable option for the Group to settle the Promissory Note, as the Group would not incur additional interest or be required to commit additional pledge of assets if the Group were to obtain borrowings to finance repayment of the Promissory Note, and the Subscription is less costly and more efficient than pre-emptive issues such as rights issue and open offer.

In view of the above, the Directors (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee contained in this circular) consider the terms of the Agreement are fair and reasonable and on normal commercial terms and the Subscription is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities in the past 12 months immediately before the date of the Agreement.

LISTING RULES IMPLICATIONS

The Subscriber is a connected person of the Company by virtue of him being a substantial shareholder holding a 49% equity interest in Best Earnest (an indirect 51%-owned subsidiary of the Company) and a director of group companies of Best Earnest. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to, among other things, Independent Shareholders' approval requirements.

The voting in respect of the Subscription at the EGM will be conducted by way of a poll. The Subscriber and his associates who are Shareholders will be required to abstain from voting on the resolution approving the Agreement and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, the Subscriber and his associates are not interested in any Shares. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, there are no Shareholders who have material interest in the Subscription and are required to abstain from voting on the resolution to approve the Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors have a material interest in the Subscription and therefore no Director has abstained from voting on the board resolutions of the Company to approve the Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, has been established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares. Goldin Financial has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

EGM

The EGM will be convened and held at 11:00 a.m. on Tuesday, 21 November 2017 at the Seminar Room on 16/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, to approve the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

The notice of EGM is set out on pages EGM-1 and EGM-2. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services 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 appointed time for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 16 November 2017 to Tuesday, 21 November 2017 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration on or before 4:30 p.m. on Wednesday, 15 November 2017 (Hong Kong time).

RECOMMENDATION

The Directors (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee contained in this circular) consider that the terms of the Agreement are fair and reasonable and on normal commercial terms and the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 12 and 13 of this circular, which contains its recommendation to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder after taking into account the advice of Goldin Financial, and the letter from Goldin Financial as set out on pages 14 to 27 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
Eagle Legend Asia Limited
Zeng Li
Chairman

EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED

鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 936)

31 October 2017

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE BY
WAY OF SET OFF AGAINST THE OUTSTANDING PROMISSORY NOTE**

We refer to the circular of the Company dated 31 October 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 terms of the Agreement are fair and reasonable and in normal commercial terms, and the Subscription is 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 EGM to approve the Agreement and the transactions contemplated thereunder. Goldin Financial has been appointed as the independent financial adviser 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 14 to 27 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

RECOMMENDATION

Having considered the terms of the Agreement and the advice of Goldin Financial, although the Subscription is not in the ordinary and usual course of business of the Company, we are of the opinion that the terms of the Agreement are on normal commercial terms, fair and reasonable and are 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

proposed at the EGM to approve the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

Yours faithfully,

Independent Board Committee

Mr. Wan Tze Fan Terence
*Independent non-executive
Director*

Mr. Tsui Robert Che Kwong
*Independent non-executive
Director*

Ms. Yang Yan Tung Doris
*Independent non-executive
Director*

LETTER FROM GOLDIN FINANCIAL

The following is the full text of the letter from Goldin Financial setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares, which has been prepared for the purpose of inclusion in this circular.



GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Goldin Financial Limited
Suites 2202–2209, 22/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

31 October 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE BY WAY OF SET OFF AGAINST THE OUTSTANDING PROMISSORY NOTE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, details of which are contained in the announcement of the Company dated 11 October 2017 (the “**Announcement**”) and in the letter from the Board (the “**Letter from the Board**”) on page 4 to page 11 of the circular of the Company dated 31 October 2017 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As stated in the Letter from the Board, after trading hours of the Stock Exchange on 11 October 2017, the Company and the Subscriber entered into the Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 100,000,000 Subscription Shares at the Subscription Price of HK\$1.10 per Subscription Share. The total consideration for the Subscription of HK\$110,000,000 payable by the Subscriber at Completion shall be set off against the total outstanding principal amount of the Promissory Note of HK\$110,000,000 owed by the Company to the Subscriber on a dollar-for-dollar basis. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM.

LETTER FROM GOLDIN FINANCIAL

The Subscriber is a connected person of the Company by virtue of him being a substantial Shareholder holding a 49% equity interest in Best Earnest (an indirect 51%-owned subsidiary of the Company) and a director of group companies of Best Earnest. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to, among other things, the Independent Shareholders' approval.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, has been established to advise the Independent Shareholders in connection with the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

We, Goldin Financial Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares and to make a recommendation as to, among others, whether the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to voting in respect of the resolution at the EGM.

Apart from normal professional fees for our services to the Company in connection with the engagements described above, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We have not acted, within the past two years, as an independent financial adviser or a financial adviser to the Company. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. We are independent 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 connection with the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the announcement of the Company dated 11 October 2017, the Agreement, the Promissory Note, the respective financial statements of the Company for the year ended 31 December 2016 (the “**Annual Report 2016**”) and for the six months ended 30 June 2017 (the “**Interim Report 2017**”). We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the Subscription, the businesses and future outlook of the Group.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in

LETTER FROM GOLDIN FINANCIAL

the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise made to us by the Directors and the management of the Company for which they are solely responsible, were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material respects as at the Latest Practicable Date and Shareholders will be notified of material changes (if any) of the information contained in the Circular. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Subscription to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Subscription, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In forming our recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in (i) the trading of construction machinery and spare parts, leasing of construction machinery under operating leases, and provision of repair and maintenance services in respect of construction machinery; and (ii) the cultivation, research, processing and sale of *exocarpium citri grandis* and its seedlings. Set out below are certain financial information of the Group for each of the two financial years ended 31 December 2015 and 2016 and for the six months ended 30 June 2016 and 2017 as extracted from the Annual Report 2016 and the Interim Report 2017, respectively.

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Table 1: Financial highlights of the Group

	For the six months ended		For the year ended	
	30 June		31 December	
	2017	2016	2016	2015
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
Sales of machinery	15,635	45,380	54,406	49,825
Sales of spare parts	3,172	2,983	5,523	3,621
Rental income from leasing of owned plant and machinery and those held under finance leases	27,739	37,100	67,306	84,190
Rental income from subleasing of plant and machinery	3,761	1,318	1,281	6,959
Service income	11,144	12,539	27,644	29,251
Sales of proprietary Chinese medicines and health products	28,109	27,218	58,454	65,909
Sales of dried exocarpium citri grandis	65,945	—	—	—
	<u>155,505</u>	<u>126,538</u>	<u>214,614</u>	<u>239,755</u>
 (Loss) for the period/year attributable to owners of the Company	 (10,100)	 (25,811)	 (72,143)	 (42,035)
	As at		As at 31 December	
	30 June		2016	2015
	2017		2016	2015
	<i>(unaudited)</i>		<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	627,399		619,371	371,591
Current assets	255,326		343,220	221,509
Current liabilities	296,470		281,901	349,485
Net current assets/(liabilities)	(41,144)		61,319	(127,976)
Non-current liabilities	180,715		302,843	101,375
Net assets	405,540		377,847	142,240

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For the year ended 31 December 2016

For the year ended 31 December 2016, the Group recorded revenue of approximately HK\$214.61 million, representing a decrease of approximately 10.49% as compared to the revenue of approximately HK\$239.76 million as recorded in the previous year. It is noted that save for the sales of machinery and sales of spare parts, revenue from all business segments decreased for the year ended 31 December 2016 as compared to the previous year. With reference to the Annual Report 2016, we noted that the decrease in revenue was mainly due to the decrease in rental income from leasing of owned plant and machinery and those held under finance leases of approximately HK\$16.88 million or approximately 20.05% from the previous year as a result of the declining monthly rental fee of tower cranes in Singapore.

The Group recorded loss attributable to owners of the Company of approximately HK\$72.14 million, which has deepened by approximately 71.60% as compared to the loss attributable to owners of the Company of approximately HK\$42.04 million in the previous year. With reference to the Annual Report 2016, we noted that such increase in loss was primarily resulted from the decrease in revenue by approximately HK\$25.14 million or approximately 10.49% from the previous year.

As at 31 December 2016, the net current assets and net assets of the Group amounted to approximately HK\$61.32 million and approximately HK\$377.85 million, respectively.

For the six months ended 30 June 2017

For the six months ended 30 June 2017, the Group recorded revenue of approximately HK\$155.51 million, representing an increase of approximately 22.89% as compared to the revenue of approximately HK\$126.54 million in the previous corresponding period. With reference to the Interim Report 2017, it is noted that the increase in revenue was the net effect of (i) the decrease in sales of machinery by approximately HK\$29.75 million; (ii) the decrease in rental income from leasing of owned plant and machinery and those held under finance leases by approximately HK\$9.36 million; and (iii) the revenue recognition from the sales of dried exocarpium citri grandis of approximately HK\$65.95 million as a result of the acquisition of 51% equity interest in Best Earnest which was completed on 23 December 2016 (the “**Acquisition**”).

The Group recorded loss attributable to owners of the Company of approximately HK\$10.10 million for the six months ended 30 June 2017, which has narrowed by approximately 60.87% from the loss attributable to owners of the Company of approximately HK\$25.81 million in the previous corresponding period. With reference to the Interim Report 2017, we noticed that such improvement was primarily due to the gain of approximately HK\$44.81 million arising from changes in fair value less costs to sell of biological assets, being exocarpium citri grandis growing on bearer plants, harvested exocarpium citri grandis and seedlings of exocarpium citri grandis, as recognised after the Acquisition.

As at 30 June 2017, the net current liabilities and net assets of the Group amounted to approximately HK\$41.14 million and HK\$405.54 million, respectively.

2. Reasons for and benefits of the Subscription

Repayment of outstanding debts of the Group

As noted from the Interim Report 2017, the current assets of the Group amounted to approximately HK\$255.33 million as at 30 June 2017 which comprised, among others, (i) trade receivables in the amount of approximately HK\$103.95 million; and (ii) cash and cash equivalents in the amount of approximately HK\$70.15 million. The current liabilities of the Group amounted to approximately HK\$296.47 million as at 30 June 2017 which comprised, among others, (i) receipt in advance, accruals and other payables in the amount of approximately HK\$110.20 million; (ii) trade and bill payables in the amount of approximately HK\$68.24 million; and (iii) bonds payable (after adjustments of prepaid bonds interests, bonds renewal and arrangement fee incurred and respective amortisations) in the amount of approximately HK\$58.50 million. As a result, as the Group's current liabilities exceeded its current assets, the Group recorded net current liabilities of approximately HK\$41.14 million as at 30 June 2017. Based on the Interim Report 2017, the total debts of the Group (including bonds payable, bank borrowings, other loans payables, promissory note payable and finance lease payables) amounted to approximately HK\$274.00 million as at 30 June 2017 of which (i) approximately HK\$116.95 million is repayable by 30 June 2018 and (ii) approximately HK\$157.05 million is repayable after 30 June 2018. We also noticed that the bank borrowings of the Group bear effective interest rates at 4.75% and 6.50% per annum as at 30 June 2017 and are secured by certain buildings of the Group, payments for leasehold land held for own use under operating leases and corporate guarantees executed by the Company and certain subsidiaries. For the six months ended 30 June 2017, the total finance costs incurred on financial liabilities of the Group amounted to approximately HK\$24.49 million, which has increased significantly by approximately 89.11% from the finance costs of approximately HK\$12.95 million for the previous corresponding period. With reference to the Interim Report 2017, the gearing ratio of the Group was approximately 0.7 as at 30 June 2017 which was calculated by dividing the total debts by the total equity.

In light of the financial position of the Group as at 30 June 2017, in particular (i) the net current liabilities of the Group; (ii) the gearing ratio maintained by the Group; (iii) the level of cash and cash equivalents of the Group; and (iv) the amount of short-term debt repayable on or before 30 June 2018, it is uncertain as to the sufficiency of internal resources of the Group in time to repay the then outstanding debts as they fall due. We have reviewed the Promissory Note and noted that the Promissory Note is interest-free and unsecured and the total outstanding principal amounts of HK\$110,000,000 shall be repayable on 23 December 2018. Pursuant to the Agreement, the total outstanding principal amounts of the Promissory Note shall be set off and capitalised into equity capital of the Company upon Completion. Accordingly, the entering into of the Subscription would lessen the repayment pressure of the Group by reducing its total debt level while retaining cash resources for fulfilment of other financial obligations and/or future business development of the Group.

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Alternative funding methods considered

Upon enquiry with the management of the Company, we were given to understand that the Company has explored various financing alternatives with financial institutions on the possibility of bank borrowings and equity issuances, such as placing of new Shares to independent third party(ies) of the Company and rights issue and open offer. We understand that the Company has approached and conducted verbal discussions with several banks for debt financing and securities firms for acting as placing agents but the Company has received negative feedbacks from these financial institutions. Having considered that (i) bank borrowings would increase the Group's finance cost and further deteriorate the gearing ratio of the Group; (ii) the Subscription does not require the Company to pledge its assets as would be required for the obtaining of bank borrowings; and (iii) the securities brokerage firms did not show interest in acting as placing agent for placing of Shares and as underwriter for rights issue or open offer; and (iv) it would be more time consuming for the Company to conduct rights issue or open offer given the procedural nature and cost to complete as the Company would be required to follow a standard timetable in compliance with the Listing Rules, it is more financially viable for the Company to opt for the Subscription to on one hand set off the outstanding principal amounts of the Promissory Note due to the Subscriber thereby reducing its debt level and on the other hand retain cash resources for fulfilment of other financial obligations and/or future business development of the Group.

In view of the weak financial position of the Group as reflected from its net current liabilities position as at 30 June 2017 and taking into account that the Subscription (i) would set off the Group's liabilities under the Promissory Note and improve its gearing position; (ii) would alleviate the repayment pressure of the Group and retain cash for potential business development; (iii) would broaden the capital base of the Group; and (iv) is the most viable funding option for the Group under present circumstances among other fund raising alternatives, we are of the view that the Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Agreement

Pursuant to the Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 100,000,000 Subscription Shares at the Subscription Price of HK\$1.10 per Subscription Share. The total consideration for the Subscription of HK\$110,000,000 payable by the Subscriber at Completion shall be set off against the total outstanding principal amounts of the Promissory Note of HK\$110,000,000 owed by the Company to the Subscriber on a dollar-for-dollar basis. The 100,000,000 Subscription Shares represent (i) approximately 10.4% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 9.4% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the EGM. The Company will apply to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares, when allotted and issued as fully paid or credited as fully paid, shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

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The Subscription Price of HK\$1.10 per Subscription Share represented:

- (i) a premium of approximately 7.8% over the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day (being the date of the Agreement) of HK\$1.02 per Share;
- (ii) a premium of approximately 0.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$1.09 per Share;
- (iii) a discount of approximately 1.8% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day of approximately HK\$1.12 per Share;
- (iv) a premium of approximately 1.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$1.08 per Share;
- (v) a premium of approximately 20.9% over the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date of HK\$0.91 per Share; and
- (vi) a premium of approximately 323.1% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.26 per Share as at 30 June 2017 (based on the unaudited consolidated equity attributable to the Shareholders of approximately HK\$251,319,000 as at 30 June 2017 as disclosed in the Interim Report 2017 and 960,000,000 Shares then in issue).

Taking into account the estimated expenses incidental to the Subscription of approximately HK\$600,000, the estimated net Subscription Price per Subscription Share is approximately HK\$1.09. As stated in the Letter from the Board, the Subscription Price of HK\$1.10 per Subscription Share was determined after arm's length negotiations between the Company and the Subscriber taking into account, among other things, the prevailing market prices of the Shares.

In assessing the fairness and reasonableness of the Subscription Price, we have taken into consideration (i) the historical Share price performance; (ii) the historical trading volume of the Shares; and (iii) the comparable analysis with reference to recent loan capitalisation by way of new shares issue in the market, as set out below respectively.

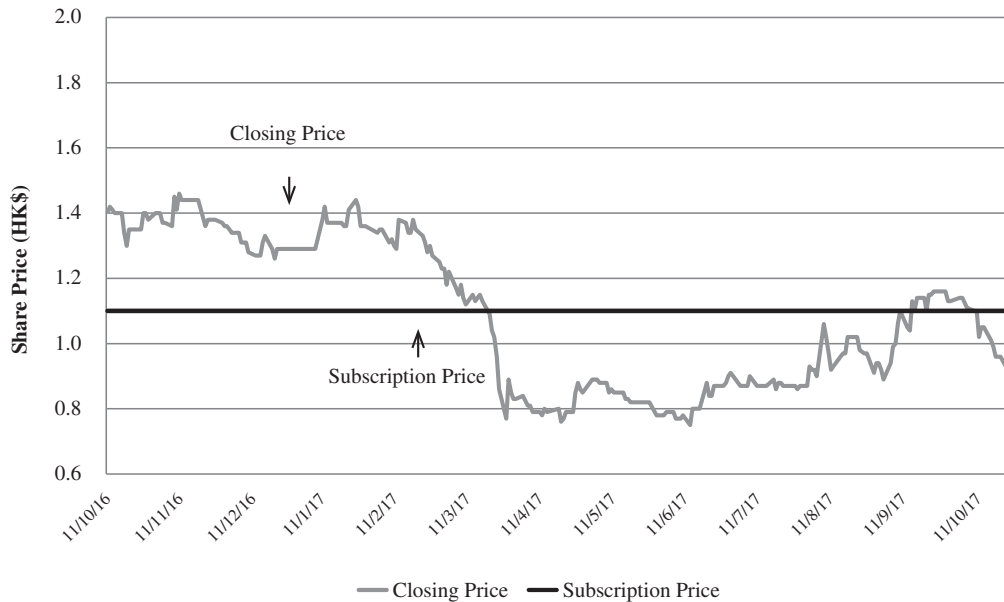
Historical Share price performance

Chart 1 below sets out the daily closing prices of the Shares on the Stock Exchange for the period from 11 October 2016 (being the first trading day of the 12-month period prior to the Last Trading Day) up to and including the Latest Practicable Date (the "**Review Period**"), against the Subscription Price. We consider that the Review Period, which covers a full year prior to the Last Trading Day and up to the Latest Practicable Date, provides a general overview of the recent Share price performance when conducting an analysis among the historical closing prices of the Shares and the Subscription Price as

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the Review Period provides a sufficient timeframe that covers the most recent Share price performance and is therefore able to illustrate the recent general trend and level of movement of the closing prices of the Shares.

Chart 1: Share price performance against the Subscription Price during the Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in Chart 1 above, the closing prices of the Shares during the Review Period were traded within a range from the lowest closing price at HK\$0.75 per Share on 12 June 2017 to the highest closing price of HK\$1.46 per Share on 10 November 2016 with an average closing price of approximately HK\$1.09 per Share. The Subscription Price of HK\$1.10 therefore falls within the aforesaid range of closing prices during the Review Period and represents a premium of approximately 46.67% over the lowest closing price per Share, a discount of approximately 24.66% to the highest closing price and a premium of approximately 0.92% over the average closing price per Share during the Review Period, respectively.

Taking into account that the Subscription Price is within the range of the closing price of the Shares during the Review Period and represents (i) a premium to the average closing price of the Shares during the Review Period; and (ii) a significant premium of approximately 323.08% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.26 per Share as at 30 June 2017, we consider that the Subscription Price is fair and reasonable.

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Historical trading volume of the Shares

Set out in Table 2 below are the average daily trading volume of the Shares per month, and the respective percentages of the Shares' monthly trading volume as compared to the total number of issued Shares at the end of the respective months, during the Review Period:

Table 2: Historical trading volume of the Shares

Month	Total monthly trading volume <i>(Number of Shares)</i>	Number of trading days	Average daily trading volume <i>(Note 1)</i> <i>(Approximate number of Shares)</i>	Total number of Shares in issue <i>(Note 2)</i>	Average daily trading volume over total number of Shares in issue <i>(Approximate %)</i>
2016					
October <i>(Starting from 11 October 2016)</i>	4,020,000	14	287,143	960,000,000	0.030
November	3,210,000	22	145,909	960,000,000	0.015
December	1,430,000	20	71,500	960,000,000	0.007
2017					
January	900,000	19	47,368	960,000,000	0.005
February	3,800,900	20	190,045	960,000,000	0.020
March	14,360,000	23	624,348	960,000,000	0.065
April	4,360,000	17	256,471	960,000,000	0.027
May	3,310,000	20	165,500	960,000,000	0.017
June	6,680,000	22	303,636	960,000,000	0.032
July	3,260,000	21	155,238	960,000,000	0.016
August	4,190,000	22	190,455	960,000,000	0.020
September	5,430,000	21	258,571	960,000,000	0.027
October <i>(Up to and including the Latest Practicable Date)</i>	4,110,000	16	256,875	960,000,000	0.027

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume of the Shares for the month equals to the total monthly trading volume of the Shares divided by the number of trading days in the respective month.
2. Based on the number of Shares in issue as at the last trading day of each respective month and that as at the Latest Practicable Date for the month of October 2017.

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As shown in Table 2 above, we noted that the average daily trading volume of the Shares per month were below 0.1% throughout the Review Period and ranged from approximately 0.005% to 0.065% of the total number of Shares issued at the end of each respective month throughout the Review Period. As such, it is noted that the liquidity of the Shares was relatively thin during the Review Period. Given that trading of the Shares is inactive in the open market, the Share price will be relatively vulnerable and easily distorted by minimal number of transactions and a discount to the Subscription Price would normally be needed to incentivise the Subscriber to subscribe for the Subscription Shares. Therefore, in view of the thin trading volume of the Shares, we consider that the Subscription Price, which was set at a premium to the closing price of the Shares on the Last Trading Day, is favourable to the Company.

Comparison of the Subscription Price

In assessing the fairness and reasonableness of the Subscription Price, we have reviewed loan capitalisation by way of new shares issue conducted by companies which (i) are listed on the Stock Exchange; (ii) published the relevant announcements during the 12-month period prior to and including the date of the Agreement (the “**Comparable Review Period**”), excluding companies which conducted loan capitalisation as part of the fulfilments under the respective approved resumption proposals. We consider that the Comparable Review Period is sufficient and appropriate to represent the recent general market practices prior to and including the date of the Agreement under similar market conditions and sentiments. Independent Shareholders should note that the Comparables are not identical to the Company in terms of principal business, operation and financial position, and that the determination of subscription prices of the subscriptions were made with reference to, among others, arm’s length commercial negotiation between the respective companies and the subscribers taking into account share price performance, financial positions of the companies and the then prevailing market condition. Nevertheless, we consider that the Comparables are sufficient to serve as a reference of the principal terms of the Subscription as the Comparables and the Company were under similar market conditions and sentiments at the time of entering into the respective subscription agreements. To the best of our knowledge and as far as we are aware of, we have identified an exhaustive list of eight transactions (the “**Comparables**”) during the Comparable Review Period for our assessment on the Subscription Price. Set out below are the summary of the Comparables.

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Table 3: Summary of the Comparables

Company name	Stock code	Date of announcement	Connected transaction/ Involved subscription by connected person	Gross proceed <i>Approximate HK\$ million</i>	Dilution impact to public shareholders <i>(Note)</i>	Premium/ (Discount) of the subscription price over/(to) closing price per share on the last trading day prior to announcement/ the date of agreement in relation to the respective subscription of shares <i>Approximate %</i>
L'sea Resources International Holdings Limited	195	29/3/2017	Yes	136.00	17.82	(24.50)
i-Cable Communications Limited	1097	20/4/2017	No	704.03	Undeterminable as the transaction is associated with certain transactions with dilution impact	(66.57)
Ding He Mining Holdings Limited	705	1/5/2017	No	10.20	4.24	(18.40)
Ding He Mining Holdings Limited	705	23/5/2017	No	27.44	11.99	(16.60)
Titan Petrochemicals Group Limited	1192	20/6/2017	No	44.86	0.49	3.00
Munsun Capital Group Limited	1194	4/9/2017	No	222.00	8.63	22.55
Thiz Technology Group Limited	8119	25/9/2017	No	35.18	10.40	72.41
Richly Field China Development Limited	313	11/10/2017	Yes	602.91	17.03	0.00
				Maximum	17.82	72.41
				Minimum	0.49	(66.57)
				Median	10.40	(8.30)
				Average	10.09	(3.51)
The Company	936	11/10/2017	Yes	110	3.50	7.84

Note:

The dilution impact of each transaction is calculated based on the percentage point of reduction in the shareholding of public shareholders after the allotment and issuance of the subscription shares as compared to the shareholding of public shareholders before the allotment and issuance of the subscription shares.

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As noted from Table 3 above, the subscription prices of the Comparables represent a range from a discount of approximately 66.57% to a premium of approximately 72.41%, with a median discount of approximately 8.30% and an average discount of approximately 3.51%. The premium represented by the Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 7.84% therefore falls within the range of premium/discounts of the Comparables and is higher than the median and the average discount of the Comparables.

Taking into account that (i) the premium represented by the Subscription Price to the closing price of the Shares on the Last Trading Day is within the range of premium/discounts of the Comparables and is higher than the median and the average discount of the Comparables; (ii) the Subscription Price was determined after arm's length negotiation between the Company and the Subscriber; and (iii) the Subscription would ease the financial pressure of the Group to meet its repayment obligations as discussed in the above section headed "**2. Reasons for and benefits of the Subscription**", we are of the view that the Subscription Price is fair and reasonable.

4. Effect on the shareholding structure of the Company

The changes in shareholding structure of the Company arising from the Subscription are set out under the section headed "**EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY**" in the Letter from the Board. Assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date and up to Completion, the shareholding of the public shareholders would be reduced from 37.50% to approximately 34.00% immediately after the allotment and issuance of the Subscription Shares to the Subscriber, representing a reduction of percentage point of approximately 3.50.

As noted from the Comparables as set out in Table 3 under the above section headed "**3. Principal terms of the Agreement**", in terms of percentage point of reduction of shareholdings, the dilution impact to the public shareholders as a result of the respective subscriptions of new shares ranged from approximately 0.49 to approximately 17.82, with an average dilution impact of approximately 10.09. As such, the dilution impact of approximately 3.50 percentage point to the existing public Shareholders as a result of the Subscription falls within the range of dilution impact of the Comparables and is smaller than the average dilution impact of the Comparables.

Taking into account (i) the dilution impact to the Independent Shareholders is smaller than the average dilution impact of the Comparables; (ii) the Subscription would improve the financial position of the Group by setting off the liabilities arising from the Promissory Note due to the Subscriber (as discussed in the above section headed "**2. Reasons for and benefits of the Subscription**"); and (iii) the Subscription would strengthen the capital base of the Company, we are of the view that the potential dilution impact of the Subscription on the public Shareholders is justifiable.

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5. Financial effects of the Subscription

According to the Interim Report 2017, the net asset of the Group was approximately HK\$405.54 million as at 30 June 2017 while the gearing ratio of the Group (calculated by dividing total debt by total equity) amounted to approximately 0.7 as at 30 June 2017. Pursuant to the Agreement, the total consideration for the Subscription of HK\$110,000,000 payable by the Subscriber at Completion shall be set off against the total outstanding principal amount of the Promissory Note of HK\$110,000,000 owed by the Company to the Subscriber on a dollar-for-dollar basis. As such, there will not be any cash proceed generated from the Subscription. Upon Completion, the total liabilities of the Group, which amounted to approximately HK\$477.19 million as at 30 June 2017, are expected to reduce as a result of the set off of the liabilities under the Promissory Note in the carrying amount of approximately HK\$94.16 million as at 30 June 2017. Hence, the gearing ratio of the Group would improve accordingly.

Shareholders should note that the above analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon Completion.

RECOMMENDATIONS

Based on the principal factors and reasons as set out in this letter, we are of the view that, while the Subscription pursuant to the Agreement was not entered into in the ordinary and usual course of business of the Company, the terms of the Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Goldin Financial to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance profession.

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. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:

Long positions in Shares and underlying shares

Name of Director	Nature of interests	Number of Shares	Percentage of issued Shares
Mr. Zeng Li	Interest in a controlled corporation	600,000,000 (<i>Note</i>)	62.50%

Note: These Shares were held by Harbour Luck Investments Limited which is wholly and beneficially owned by Mr. Zeng Li, an executive Director. By virtue of the SFO, Mr. Zeng Li is deemed to be interested in the Shares held by Harbour Luck Investments Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation, other than statutory compensation. For information only, the service contracts or agreements entered into between the Directors and the Company are summarised below:

- (i) the service contracts between the Company and each of the executive Directors, Mr. Zeng Li, Mr. Winerthan Chiu and Mr. Chan Ka Lun, for a term of two years unless terminated by either party by giving not less than one month's written notice to the other party. The service contracts of Mr. Zeng Li and Mr. Winerthan Chiu commenced from 22 December 2014 and each of their service agreements has been renewed on 22 December 2016. The service contract of Mr. Chan Ka Lun commenced from 1 July 2015 and has been renewed on 1 July 2017; and
- (ii) the letters of appointment between the Company and each of the independent non-executive Directors for a term of two years unless terminated by either party by giving not less than one month's written notice to the other party. All letters of appointment commenced from 22 December 2014 and have been renewed on 22 December 2016.

4. COMPETING INTERESTS

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

5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

6. 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 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

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

Name	Qualification
Goldin Financial	A licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Goldin Financial (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which they respectively appear.

8. GENERAL

- (i) The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is at Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.
- (ii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) The company secretary of the Company is Mr. Chan Tai Wah Calvin, who is a practising fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.
- (iv) In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's head office and principal place of business in Hong Kong at Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong from the date of this circular and up to and including the date of the EGM:

- (i) the Agreement;
- (ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 12 and 13 of this circular;
- (iii) the letter of advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 27 of this circular;
- (iv) the written consent referred to in the paragraph headed "Expert and consent" of this appendix; and
- (v) this circular.

NOTICE OF EGM

EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED

鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 936)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of Eagle Legend Asia Limited (the “**Company**”) will be held at 11:00 a.m. on Tuesday, 21 November 2017 at the Seminar Room on 16/F., Nexxus Building, 77 Des Voeux Road 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 conditional subscription agreement (the “**Agreement**”) dated 11 October 2017 entered into between the Company and Mr. He Xiaoyang in relation to the subscription of 100,000,000 ordinary shares of HK\$0.01 each (the “**Subscription Shares**”) in the issued share capital of the Company (a copy of which has been produced to the Meeting marked “A” and signed by the chairman hereof for the purpose of identification) and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares) be and are hereby generally and unconditionally approved, confirmed and ratified;
- (b) subject to fulfilment of the conditions precedent set out in the Agreement, the allotment and issue of the Subscription Shares in accordance with the terms and conditions of the Agreement be and is hereby approved;
- (c) the directors of the Company be and are hereby granted a specific mandate (the “**Specific Mandate**”) to exercise the powers of the Company to allot and issue the Subscription Shares pursuant to the terms and conditions of the Agreement, whereby such Subscription Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue. The Specific Mandate is in addition to, and shall not prejudice nor revoke, any general or specific mandate(s) which has/have been granted or may from time to time be granted to the directors of the Company prior to the passing of this resolution; and
- (d) any one director of the Company be and are hereby authorised to do such acts and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Agreement and the transactions contemplated

NOTICE OF EGM

thereunder as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Agreement and the implementation of all transactions contemplated thereunder.”

By order of the Board
Eagle Legend Asia Limited
Zeng Li
Chairman

Hong Kong, 31 October 2017

Registered office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

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

Room 3607, 36/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares of the Company (“**Shares**”) in respect of which each proxy is so appointed.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited to the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof (as the case maybe). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting or any adjournment thereof (as the case maybe) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the name stands first in the register of shareholders of the Company in respect of the joint holding.
4. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 16 November 2017 to Tuesday, 21 November 2017 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified for attending and voting at the Meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed and signed transfer forms must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration on or before 4:30 p.m. on Wednesday, 15 November 2017 (Hong Kong time).
5. As at the date hereof, the board of directors of the Company comprises Mr. Zeng Li, Mr. Winerthan Chiu and Mr. Chan Ka Lun as executive directors; and Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris as independent non-executive directors.