中國港橋控股有限公司
China HKBridge Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

Executive Directors:
Mr. LIU Tingan
(Chairman and Chief Executive Officer)
Mr. CHEOK Ho Fung *(Deputy Chairman)*

Non-executive Director:
Mr. MAO Yumin

Independent non-executive Directors:
Mr. Ng Man Kung
Dr. Ngai Wai Fung
Mr. Lau Fai Lawrence

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Place of Business in Hong Kong:
Room 3601-02,
Bank of America Tower
12 Harcourt Road, Central
Hong Kong

29 September 2017

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AT HK$2.2 PER RIGHTS SHARE;
(3) APPLICATION FOR WHITEWASH WAIVER; AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement whereby the Board announced that the Company proposed to raise gross proceeds of approximately HK$1,610.4 million by way of the Rights Issue on the basis of one Rights Shares for every two existing Shares held on the Record Date (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Company will allot and issue 732,000,000 Rights Shares at the Subscription Price of HK$2.2 per Rights Share. The estimated net proceeds from the Rights Issue will be approximately HK$1,595.4 million. The Rights Issue is conditional on, among other things, the passing of the ordinary resolutions by the Independent Shareholders at the SGM to approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

The purpose of this circular is to provide you with, among other things, (i) details of the Increase in Authorised Share Capital; (ii) details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iv) the letter of advice from TC Capital to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver; (v) financial information of the Group; (vi) other information as required under the Listing Rules and the Takeovers Code; and (vii) a notice convening the SGM, at which ordinary resolutions will be proposed to consider and, if thought fit, approve, among other things, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

INCREASE IN AUTHORISED SHARE CAPITAL

On 31 August 2017, the Board announced that the Company proposed to raise gross proceeds of approximately HK$1,610.4 million by issuing 732,000,000 Rights Shares. The Board proposes to increase the Authorised Share Capital of the Company from HK$200,000,000 (divided into 2,000,000,000 Shares (of a par value of HK$0.10 per Share)) to HK$500,000,000 (divided into 5,000,000,000 Shares (of a par value of HK$0.10 per Share)) by the creation of additional 3,000,000,000 unissued Shares. As at the Latest Practicable Date, the number of unissued Shares is 536,000,000 Shares which falls short of the maximum number of 732,000,000 Rights Shares to be allotted and issued under the Rights Issue. The Board considers that the Increase in Authorised Share Capital will facilitate the issue of the Rights Shares and give greater flexibility to the Company to, when necessary, raise funds through the issue of new Shares in the future. As such, the Board is of the view that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM to consider and approve it.

THE PROPOSED RIGHTS ISSUE

The Company will allot and issue 732,000,000 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date) at the Subscription Price of HK$2.2 per Rights Share. The estimated net proceeds from the Rights Issue will be approximately HK$1,595.4 million. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. For further details, please refer to the section headed "The Underwriting Agreement" below.

Rights Issue statistics

Basic of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date	:	1,464,000,000 Shares
Number of Rights Shares	:	732,000,000 Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
Subscription Price	:	HK$2.2 per Rights Share with a nominal value of HK0.1 each The net Subscription Price for each Rights Share is approximately HK$2.18
Number of Shares in issue upon Completion	:	2,196,000,000 Shares (further assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date)
Underwriter:	:	Youfu Investment Co., Ltd, a company wholly-owned by Mr. Sun and which owns 340,192,667 Shares as at the Latest Practicable Date

Outstanding Share Awards

As at the Latest Practicable Date, there are Outstanding Share Awards held by Mr. Liu, an executive Director, pursuant to which up to 48,000,000 Shares (representing approximately 3.28% of the existing issued share capital of the Company) may be issued upon certain vesting conditions being met. The relevant award Shares attached to such Outstanding Share Awards will be vested in tranches of 12,000,000 shares (representing approximately 0.82% of the existing issued share capital of the Company) per year. The next vesting date of the second tranche of award Shares in respect of the Outstanding Share Awards is 31 March 2018. For such reasons and having regard to the current timetable of the proposed Rights Issue, the total number of Rights Shares will not be affected by the Outstanding Share Awards.

Upon Completion, it is expected that the number of award Shares attached to the Outstanding Share Awards would not be subject to any adjustment.

Other convertible securities

As at the Latest Practicable Date, save for the Outstanding Share Awards, there were no derivatives, outstanding convertible securities, options or warrants of the Company in issue which confer any right to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the 732,000,000 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represent (i) 50% of the total number of Shares in issue in the Company as at the Latest Practicable Date; and (ii) approximately 33.33% of the total number of Shares in issue in the Company as enlarged by the issue of the Rights Shares.

The Subscription Price

The Subscription Price of HK$2.2 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renouncee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares. The Subscription Price represents:

(a) a discount of approximately 2.22% to the closing price of HK$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 21.43% to the closing price of HK$2.80 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**Last Trading Date Price**");

(c) a discount of approximately 21.43% to the closing price of HK$2.80 per Share as quoted on the Stock Exchange on 30 August 2017 (being the last business day prior to the date of the Announcement);

(d) a discount of approximately 22.04% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$2.82 per Share;

(e) a discount of approximately 22.73% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$2.85 per Share;

(f) a discount of approximately 15.38% to the theoretical ex-rights price of approximately HK$2.60 per Share based on the Last Trading Date Price;

(g) a premium of approximately 171.60% over the audited consolidated net asset value per Share as at 31 December 2016 of approximately HK$0.81 (which is calculated based on the audited consolidated net asset value of the Group attributable to the owners of the Company as at 31 December 2016 of approximately HK$1,167,378,000 and 1,440,000,000 Shares in issue as at 31 December 2016); and

(h) a premium of approximately 165.06% over the unaudited consolidated net asset value per Share as at 30 June 2017 of approximately HK$0.83 (which is calculated based on the unaudited consolidated net asset value of the Group attributable to the owners of the Company as at 30 June 2017 of approximately HK$1,217,051,000 and 1,464,000,000 Shares in issue as at 30 June 2017).

The theoretical ex-rights price of approximately HK$2.60 per Share (based on the Last Trading Date Price) represents a discount of approximately 7.14% to the Last Trading Day Price.

To ensure the terms of the Rights Issue, including the Subscription Price, are the best available terms, such terms were determined after arm's length negotiations between the Company and the Underwriter, after having taken into account the following factors:

(a) in view of the persistent loss-making position of the Group, the fact that last year was the first year turning from loss-making to profit-making (excluding one-off exceptional gains), and the uncertainties stemming from the recent volatile market sentiment, it would be difficult to attract all the Qualifying Shareholders to reinvest in the Company through Rights Issue if the Subscription Price was not set at a discount to the prevailing market price of the Shares;

(b) the need for setting the Subscription Price at a discount to the recent closing prices of the Shares in order to encourage the Qualifying Shareholders to subscribe for the Rights Shares thereby mitigating the underwriting risk to the Underwriter such that the Underwriter is willing to fully underwrite all the Rights Shares. This provides higher certainty to the Group to raise the necessary fund to cater for its capital needs for business development; and

(c) the rights issue ratio was determined taking into account the size of fund raising required to satisfy the capital needs of the Group mentioned in the paragraphs headed "Business plans and reasons for the Rights Issue" and "Intended use of proceeds" in this section and the Subscription Price being set on the basis described above.

Despite the potential dilution effect of the Rights Issue on the shareholding interests of the Shareholders in the Company if such Shareholders do not take up their provisional allotments under the Rights Issue, the Directors (excluding members of the Independent Board Committee whose view is formed and set out in the section headed "Letter from the Independent Board Committee" in the circular) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole taking into account the above mentioned factors and that:

(a) all Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue and the Underwriting Agreement through their votes at the SGM;

(b) the Rights Issue provides all Qualifying Shareholders an opportunity to subscribe for the Rights Shares for the purpose of maintaining their respective existing shareholding interests (through taking up their entitlements) or increasing their shareholding interests (through making excess applications) in the Company at lower price as compared to the current market prices of the Shares; and

(c) those Qualifying Shareholders who do not wish to take up their entitlements in the Rights Issue are able to sell their entitled nil-paid Rights Shares in the market, while those who wish to increase their shareholding interests in the Company through the Rights Issue are able to acquire additional nil-paid Rights Shares in the market.

Conditions of the Rights Issue

The Rights Issue is conditional on, among other things, the passing of the ordinary resolutions by the Independent Shareholders at the SGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. Please refer to the paragraph headed "The Underwriting Agreement – Conditions" below for details of the conditions of the Underwriting Agreement.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the fully-paid Rights Shares.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must be (a) a registered member of the Company at the close of business on the Record Date and (b) a Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, investors whose Shares are held by their nominee(s) (or held in CCASS) must lodge any transfers of the Shares (together with the relevant Share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 26 October 2017.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company, as at the Latest Practicable Date, there was no Overseas Shareholder.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/ herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will continue to ascertain whether there are any other Overseas Shareholder(s) on the Record Date, and make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholder(s) and no provisional allotment of nil-paid Rights Shares or allotment of Rights Shares will be made to them. The Company will only send the Prospectus to the Excluded Shareholders for their information. The Excluded Shareholders will, however, be entitled to attend and vote at the SGM. Further information in this connection will be set out in the Prospectus. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus (without PAL or EAF) to the Excluded Shareholders for their information only on the Prospectus Posting Date.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealing in the nil-paid Rights Shares. If a premium (net of expenses and stamp duty) can be obtained, the net proceeds of such sale, less expenses, will be paid pro rata to the Excluded Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK$100 or less for its own benefit. Any unsold entitlements of the Excluded Shareholders will be taken up by excess application on the EAF or the Underwriter pursuant to the terms of the

Underwriting Agreement. For the avoidance of doubt, the Excluded Shareholders will be entitled to vote at the SGM.

Overseas Shareholder(s) and beneficial owners of the Shares who are residing outside Hong Kong should note that he/she/it/they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholder(s) should exercise caution when dealing in the securities of the Company.

Closure of register of members for establishing entitlements to the Rights Issue

The Company's register of members will be closed from Friday, 27 October 2017 to Thursday, 2 November 2017, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number), and all nil-paid Rights Shares arising from such aggregation will be sold by the Company in the market and, if a premium (net of expenses and stamp duty) can be obtained, the Company will keep the net proceeds for its own benefit. Any unsold aggregate fractions of the nil-paid Rights Shares will be made available for excess application on the EAF by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for (a) any unsold entitlements of the Excluded Shareholders, (b) any Rights Shares provisionally allotted but not taken up by other Qualifying Shareholders and (c) any unsold aggregate fractions of Rights Shares.

Application may be made by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the Latest Acceptance Time. The Board will allocate the excess Rights Shares (if any) at its discretion on a pro rata basis in proportion to the number of excess Right Shares being applied for under each application to the Qualifying Shareholders. No preference will be given to applications for topping up odd lot holdings to whole board lot holdings as the giving of such preference may potentially be abused by certain Shareholders by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result.

As mentioned in the paragraph headed "Qualifying Shareholders" above, Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. For details of registration of the Shareholders on the register of members of the Company, please refer to the paragraph headed "Qualifying Shareholders" above.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Share certificates for the Rights Shares and refund cheques

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 16 November 2017 to those entitled thereto by ordinary post at their own risks to their registered addresses.

Refund cheques in respect of the acceptance for the Rights Shares (in case of termination of the Rights Issue) or in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or before Tuesday, 28 November 2017 by ordinary post to the applicants at their own risk to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully paid forms) to be admitted into CCASS. Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 2,000 Shares in the market. Dealing in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

After trading hours of the Stock Exchange on 31 August 2017, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. Major terms of the Underwriting Agreement are set out below.

Date: 31 August 2017

Parties:

(1) The Company; and

(2) the Underwriter, which owned 340,192,667 Shares as at the Latest Practicable Date, representing approximately 23.24% of the existing issue share capital of the Company. The Underwriter does not underwrite issues of securities in its ordinary course of business.

Total number of Underwritten Shares

The total number of Rights Shares agreed to be underwritten by the Underwriter is 441,903,667 Rights Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date), being the total number of 732,000,000 Rights Shares less a total of 290,096,333 Rights Shares to be taken up by the Underwriter and China Tian Yuan under the Irrevocable Undertakings.

Commission

The underwriting commission under the Underwriting Agreement is 1% of the aggregate Subscription Price in respect of the Rights Shares agreed to be underwritten by the Underwriter. The commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, relationship between the Company and the Underwriter, the scale of the Rights Issue and the commission rates charged by underwriters in the recent market precedents of rights issue, which range from nil to approximately 3%. Given that the commission rate of 1% charged by the Underwriter falls within the range of the market precedents, the Directors (excluding members of the Independent Board Committee whose view is formed and set out in the letter contained in this circular) consider that the underwriting commission rate is on normal commercial terms and fair and reasonable.

Conditions

The obligations of the Underwriter are conditional upon:

(a) the Independent Shareholders passing the ordinary resolutions at the SGM to approve, among others, (i) the Increase in Authorised Share Capital; (ii) the Rights Issue; (iii) the Underwriting Agreement and the transactions contemplated thereunder; and (iv) the Whitewash Waiver;

(b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Termination Time;

(c) the Executive granting the Whitewash Waiver to the Underwriter and such waiver not having been revoked or withdrawn, and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(d) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable laws or regulations to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;

(e) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date;

(f) the Underwriter and China Tian Yuan providing their respective Irrevocable Undertakings and complying with and performing their respective obligations and undertakings thereunder;

(g) the Underwriting Agreement not having been terminated by the Underwriter pursuant to the terms thereof on or before the Latest Termination Time; and

(h) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Termination Time.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions set out in (a) to (h) above by the Latest Acceptance Time. The conditions set out in (a) to (e) above are incapable of being waived by the Underwriter or the Company. The Underwriter may waive the condition set out in (f) to (h) above in whole or in part by written notice to the Company.

If the above conditions are not satisfied (or, if applicable, waived in whole or in part by the Underwriter) by the Latest Acceptance Time or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against the other party for cost, damages, compensation or otherwise (save in respect of any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination).

Rescission and Termination

If, prior to the Latest Termination Time, one or more of the following events or matters shall occur, arise, exist, or come into effect:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement;

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business, the financial or trading position or prospects of the Group as a whole;

(c) any material adverse change after the signing of the Underwriting Agreement in the business, the financial or trading position or prospects of the Group as a whole;

(d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business, the financial or trading position or prospects of the Group as a whole;

(e) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;

(f) there is, after signing of the Underwriting Agreement, any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions for this purpose which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(g) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or the Takeovers Code or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company, which event or events is or are in the reasonable opinion of the Underwriter material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company served prior to the Latest Termination Time to terminate the Underwriting Agreement.

In the event the Underwriter exercises the right to terminate or rescind the Underwriting Agreement by giving written notice of termination or rescission prior to the Latest Termination Time, all the obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. A further announcement would be made if the Underwriting Agreement is so terminated or rescinded.

Irrevocable Undertakings

As at the Latest Practicable Date, the Underwriter was the registered holder of 340,192,667 Shares (representing approximately 23.24% of the total number of Shares in issue in the Company) while China Tian Yuan was the registered holder of 240,000,000 Shares (representing approximately 16.39% of the total number of Shares in issue in the Company). Each of the Underwriter, China Tian Yuan, Mr. Sun and Mr. Jia have executed the Irrevocable Undertakings in favour of the Company, pursuant to which, among other things, (i) each of the Underwriter and China Tian Yuan has irrevocably undertaken to accept and lodge applications for their respective provisional allotments of Rights Shares (being an aggregate of 290,096,333 Rights Shares); (ii) each of the Underwriter and China Tian Yuan has irrevocably undertaken not to transfer, trade or otherwise deal in any of their Shares on or before the Record Date or when the Underwriting Agreement is otherwise terminated in accordance with the terms thereof, whichever is the earlier; and (iii) each of Mr. Sun and Mr. Jia has irrevocably undertaken to procure the performance of the obligations of the Underwriter and China Tian Yuan as mentioned above respectively.

The Irrevocable Undertakings shall terminate after the Record Date or the termination of the Underwriting Agreement (as the case may be).

OTHER UNDERTAKINGS

On 27 September 2017, China Aim executed the China Aim Undertaking pursuant to which China Aim has undertaken not to subscribe for the 100,000,000 Rights Shares to which it is entitled under the proposed Rights Issue, nor will it apply for any excess Rights Shares.

The Underwriter further undertakes to the Company that it shall use its best endeavours and take appropriate steps to ensure that the public float requirements under Rule 8.08(1) of the Listing Rules be fulfilled by the Company at all times upon Completion, including but not limited to entering into sub-underwriting agreement(s) to place out its Shares to maintain the minimum public float for the Shares.

INFORMATION OF THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT

The Underwriter is an investment holding company incorporated in the BVI and is wholly owned by Mr. Sun, an Independent Third Party. Mr. Sun has more than 25 years of experience in corporate finance and import and export trading. He also has over 15 years of experience in real estate trading in the PRC. Mr. Sun is the brother-in-law of Ms. He, the sole shareholder of Zhisheng. Ms. He is the sister-in-law of Mr. Sun and therefore, the Underwriter, Mr. Sun, Zhisheng and Ms. He are parties acting in concert under the Takeovers Code.

In order to obtain the best available terms for the underwriting arrangement for the Rights Issue, the Company has approached the Underwriter and two other potential underwriters which are also the existing substantial shareholders of the Company regarding the proposed Rights Issue. In selecting an underwriter for the Rights Issue, the Board has considered, among other factors, the terms of the underwriting arrangement including but not limited to the underwriting commission proposed by other potential underwriters as well as their willingness and capacity to fully underwrite the Rights Shares. In view of the fact that only the Underwriter was willing to act as the underwriter for the Rights Issue under the current proposed terms and the relatively low underwriting commission rate offered by the Underwriter, the Board considers the underwriting arrangement offered by the Underwriter is best available option and is beneficial to the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY RESULTING FROM THE RIGHTS ISSUE

Set out below are the shareholding structures of the Company before and after the Rights Issue, assuming there is no change in the issued share capital of the Company since the Latest Practicable Date up to the Record Date:

	(i) As at the Latest Practicable Date		**(ii) Immediately after Completion, assuming all the Rights Shares and excess Rights Shares not taken up by China Aim are subscribed by the Qualifying Shareholders (except for China Aim)**		**(iii) Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
The Underwriter *(Note 1)*	340,192,667	23.24	510,289,000	23.24	952,192,667	43.36
Zhisheng *(Note 1)*	170,097,333	11.62	255,145,999	11.62	170,097,333	7.75
Sub-total of the Underwriter and parties acting in concert	510,290,000	34.86	765,434,999 *(Note 5)*	34.86	1,122,290,000	51.11
Connected persons:						
China Tian Yuan *(Note 2)*	240,000,000	16.39	360,000,000	16.39	360,000,000	16.39

	(i) As at the Latest Practicable Date		(ii) Immediately after Completion, assuming all the Rights Shares and excess Rights Shares not taken up by China Aim are subscribed by the Qualifying Shareholders (except for China Aim)		(iii) Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Mr. Liu *(Note 4)*	12,000,000	0.82	18,000,000	0.82	12,000,000	0.55
China Aim, which is a connected person as at the Latest Practicable Date, and which will (having regard to the China Aim Undertaking) be treated a member of the public after Completion						
China Aim *(Note 3)*	200,000,000	13.66	200,000,000 *(Note 6)*	9.11 *(Note 6)*	200,000,000	9.11 *(Note 7)*
Public Shareholders	501,710,000	34.27	852,565,000 *(Notes 5, 6)*	38.82 *(Note 6)*	501,710,000	22.84 *(Note 7)*
Total	1,464,000,000	100.00	2,196,000,000	100.00	2,196,000,000	100.00

Notes:

1. The Underwriter is wholly-owned by Mr. Sun. He is the brother-in-law of Ms. He Yeqin (賀葉芹) (“**Ms. He**”), the sole shareholder of Zhisheng. Ms. He is the sister-in-law of Mr. Sun. Therefore, the Underwriter, Mr. Sun, Zhisheng and Ms. He are parties acting in concert under the Takeovers Code.

2. China Tian Yuan is wholly-owned by Ningxia Tian Yuan Manganese Industry Co., Ltd.* (寧夏天元錳業有限公司) (“**Ningxia Tian Yuan**”), which is in turn owned as to 99.62% by Mr. Jia, 0.19% by Ms. Dong Jufeng (東菊鳳) (“**Ms. Dong**”) and Ms. Zhu Fenglian (朱鳳蓮), respectively.

3. China Aim is wholly-owned by Ms. Liu Hui (劉慧) (“**Ms. Liu**”).

* *For identification purpose only*

4. Mr. Liu is an executive Director.

5. Assuming the aggregate fractions of one Rights Share will be sold in the market or taken by other Qualifying Shareholders in the public.

6. Assuming other Qualifying Shareholders in the public apply for the 100,000,000 excess Rights Shares to which China Aim is entitled but are not taken up by China Aim pursuant to the China Aim Undertaking. Further, as the shareholding of China Aim in the Company will fall below 10% immediately after Completion, it will no longer be a substantial shareholder of the Company and hence, not a connected person of the Company. In such connection, the total shareholding of all public shareholders (including China Aim) in the Company will become 47.93%.

7. Immediately after Completion, assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of Rights Shares and excess Rights Issue, the shareholding of China Aim in the Company will fall below 10% and it will no longer be a substantial shareholder of the Company and hence, no longer be a connected person of the Company. In such connection, the total shareholding of all public shareholders (including China Aim) in the Company will become 31.95%. In any event, the Underwriter undertakes to maintain the minimum public float as mentioned in the paragraph headed "The Underwriting Agreement – Other undertakings" above.

FUND RAISING EXERCISE IN THE PRECEDING 18-MONTH PERIOD

The table below sets out the fund raising activity conducted by the Company in the past 18 months immediately preceding the Latest Practicable Date:

Date of announcements	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the proceeds	Actual use of the proceeds
26 February 2016, 1 March 2016 and 9 March 2016	Placing of 200,000,000 Shares at a placing price of HK$0.925 per placing Share to China Aim	9 March 2016	Approximately HK$182.5 million (after deducting the placing commission payable to the placing agent and other expenses incurred)	General working capital	As disclosed in the Company's announcement dated 14 November 2016, approximately 20% of the net proceeds was used as the Group's general working capital (including operating expenses) and approximately 80% was utilised for the Group's financial investments or investments, which include both listed and unlisted equity and debt investments

Date of announcements	Fund raising activity	Date of completion	Net proceeds raised	Intended use of the proceeds	Actual use of the proceeds
14 November 2016 and 6 December 2016	Placing of 240,000,000 Shares at a placing price of HK$2.0 per placing Share to China Tian Yuan (i.e. the placee)	6 December 2016	Approximately HK$477.6 million (after deducting the commission payable to the placing agent and other expenses incurred)	General working capital, repayment of the Group's indebtedness and for the Group's other potential investments in the future	Approximately 85% of the net proceeds was used for purchase of listed shares in Hong Kong; approximately 14% was used as the Group's general working capital (including staff costs, rental expenses, professional fees, promotional expenses and other operating expenses); and the remaining 1% was used for the repayment of loan interests and purchases of fixed assets

Save as disclosed above, the Company has not conducted any other fund raising activities in the past 18 months immediately preceding the Latest Practicable Date.

BUSINESS TREND OF THE GROUP

The Group is principally engaged in the (a) manufacture and sale of a broad range of printed circuit boards ("**PCB**"), (b) carrying out of treasury investments, including investment in securities and other related activities, and (c) rendering of financial services including asset management, investment and other consultancy related services.

PCBs business

Comparing to the last six months' revenue in 2016, the Group's PCBs segment reported a stable growth in the first half of 2017. The Company was working hard to replace those less profitable products by those with better profit margin. The low margin products were mainly due to the acute price increase in core raw materials such as copper foil, copper laminates and even prepreg. Although the price increasing trend of those core materials has shown a slow down towards the end of the first six months of 2017, their price levels remain roughly 20% higher than those in same period of last year. This is the major reason why the PCBs segment still suffered a loss for the first half of 2017 despite its efforts to excel in the business. Looking forward, the PCBs segment is expecting more new customers with better margin orders would be secured in the second half of 2017 so that a turnaround can be realised.

Treasury investments

For treasury investments, during first half of 2017, the Group acquired a total of 90,000,000 shares in Crown International Corporation Limited (whose shares are listed on the Stock Exchange (stock code: 727)) at a consideration of HK$99 million from an independent third party. As at 30 June 2017, the carrying value of all listed securities being held by the Group amounting to HK$726.3 million. Further, the Group has made contributions to two private funds being launched by two independent third parties amounting to HK$340 million and HK$200 million, respectively. The Group has also completed a provision of financial assistance of HK$224 million (equivalent to RMB200 million) to an independent third party for a term of 2 years, with an interest rate of 18% per annum.

Financial Services

The Group commenced its asset management business in 2016. During the first half of 2017, the Group acted as the general partner of five offshore private funds which were relevant to investments in relation to One Belt One Road ("**OBOR**") policy promulgated by the Chinese government officials. Among these five offshore private funds, the Group made contributions of HK$220 million each into two of these five offshore private funds. As at 30 June 2017, only five offshore private funds relating to OBOR were closed and the aggregate amount of assets under management was HK$5 billion.

For investment and other consultancy related services, during the first half of 2017, the Group increased its headcounts with investment banking and corporate finance experience and exposures, in rendering investment referral and consultancy services to potential investors and had successfully secured several investment referral and consultancy agreements. This enables the Group to generate an additional source of revenue during such period. With the efforts of the Group's senior management and execution teams, the Group achieved marked improvement in profitability and the enlargement in assets. This enables the Group to build its credential in the asset management and establishes a solid foundation for further development in the years to come. The diversity of the Board was also strengthened by appointing Mr. Mao Yumin (fomerly the senior consultant of the Company) who has strong banking credentials as a non-executive Director and the enlargement of the management team. As at 30 June 2017, the Group had an aggregate amount of HK$5 billion assets under management and had made a total contribution of HK$440 million into this pool. As our asset management business is still in an infant stage, it requires further capital to grow and develop.

PROSPECTS

Surrounded by intense competition and replacing old business from the hard disk drive business with new business from other segments will take time to build up, the PCBs segment is likely to grow in slow momentum in the second half of 2017. Market conditions for the PCBs segment remain competitive and tough in the foreseeable future. The Group will actively explore more opportunities in asset management and other financial service related businesses by taking advantage of internationalisation of Renminbi, the stable international financial market in Hong Kong and those national strategies promulgated by the Chinese government officials. The Group is now considering applying for licenses for other regulated activities under the SFO and will continuously recruit additional professional individuals to grow the financial service businesses.

Following the strategic upgrade and the implementation of new strategic plan after the change in controlling shareholders, the Group has been actively diversifying its businesses and seeking opportunities for investments and growth. The Group will continue to identify investment and business development opportunities conservatively and seriously, to better utilise its capital to expand the scope of business, to explore potential projects and to acquire good quality assets so as to enhance its long-term return of the shareholders of the Company and act as the bridge connecting between China and Hong Kong and even the rest of the world (as reflected in the current name of the Company, which was adopted on 25 January 2017).

BUSINESS PLANS AND REASONS FOR THE RIGHTS ISSUE

As disclosed in the Company's circulars dated 5 July 2016 and 30 September 2016 respectively, the Company had its plans to manage funds, which were primarily relevant to high yield equity and debts products such as bonds, exchange traded funds, future options and warrants in Asia, with a focus on China-related listed stocks around the world. All these funds are also expected to be invested in growth stocks in other markets that stand to benefit from favourable demographic, technological and/or economic changes. The Company's targeted customers of asset management business are high net-worth individuals in the PRC, long-term investment entities including insurance companies in the PRC and investors investing through local banks and financial institutions in Hong Kong.

Initial capital requirement for the asset management business by that time was expected to be approximately HK$2 billion. The Company also plans to use its internally generated resources including the yearly generated profit from the asset management business to support this business segment in achieving its target for assets under management of not less than HK$10 billion in the initial stage, and to further broaden its source of funds to debt and equity financing, project finance and private equity funds. Owing to the change in the current market sentiment, the Company had only achieved assets under management with a size of HK$5 billion as at 30 June 2017.

In order to further strengthen and enlarge its assets under management size and develop the Group's existing asset management business, the Company intends to launch several private funds in the next 12 months so as to build another assets under management size of at least HK$5 billion. The Group expects to inject at least HK$700 million (representing approximately 14% of the expected assets under management size) as seed money into these three to five new funds, depending on the investors' responses towards these funds.

Furthermore, owing to the tightening of exchange control, investors in the PRC have difficulties in transmitting money outside the PRC for gaining better investment returns. In this connection, the Group established an investment platform in Shenzhen (the "**Shenzhen Platform**") in August 2017 for the development of equity investment fund, asset management fund and trust management business in the PRC. The Group has committed to contribute RMB20 million (equivalent to HK$23.2 million) as the initial paid-up capital in the Shenzhen Platform and the Group also intends to use approximately HK$350 million from the net proceeds of the Rights Issue to build assets under management size of at least approximately HK$3 billion and/or make investments in high yield equity and debt products through the Shenzhen Platform.

The Group therefore requires additional capital to carry out the abovementioned business plans.

In determining the appropriate means to raise funds, the Board has considered and explored various financing methods before resolving to the Rights Issue, including but not limited to debt financing, bank borrowings and placing of new Shares.

The Company has discussed with and made enquires with various financial institutions on the possibility of obtaining debt financing and bank borrowings. However, the Board notes that debt financing and bank borrowings will lead to heavy interest burden and considers that further increase the financial leverage of the Group, debt or bank financings are not in the best interest of the Group. Also, offers from non-bank financial institutions would demand for a relatively high interest rate charge as well as payment for arrangement fee upfront which will erode the profitability of the Group. On the other hand, offers from banks either require the Group to provide relatively high percentage of security coverage or demand for an interest rate charge of at least 5% per annum.

Regarding placing of new Shares, the Board considers that placing of new Shares will only be available to certain placees who are not necessarily existing Shareholders and will dilute the shareholding interests of the existing Shareholders. Furthermore, placing of new Shares cannot enable the Group to raise the required amount of funds for its forthcoming business development.

Taking into account the abovementioned, the Board considers that the issue of Rights Shares to existing Shareholders pro rata to their existing shareholdings would be a preferable means of fund raising as such fund raising method would not bring in additional financial burden to the Group, while it would at the same time strengthen the Group's capital base, enhance its financial position at a reasonable cost as well as provide the Qualifying Shareholders an equal opportunity to participate in the enlargement of the Company's capital base. A pre-emptive issue of Shares would enable the Qualifying Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the Group's future business development. The Board therefore considers that it is an opportune moment for the Company to strengthen its financial position and support the continuing development of the Group's current business activities, in particular, the asset management and financial service businesses through the Rights Issue after having considered various fund raising methods.

Based on the aforesaid, the Board (including the Independent Board Committee) considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS

It is estimated that the net proceeds of the Rights Issue will be approximately HK$1,595.4 million (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the Completion), after deducting all necessary expenses for the Rights Issue, which include the relevant professional fees incurred by the Company. To strengthen the Group's financial position, the Company intends to apply the net proceeds from the Rights Issue as to:

(1) approximately 70% to support and develop the Group's existing asset management businesses and the Shenzhen Platform, which amounts to approximately HK$1,109.4 million. For the Group's existing asset management and financial service businesses in Hong Kong and in China, approximately two-thirds of such 70% of the net proceeds will be used as seed money for launching new funds in Hong Kong within the next 12 months and the remaining one-third will be used to finance the initial paid-up capital and future development of the Shenzhen Platform;

(2) approximately 25% for the repayment of the existing indebtedness to a non-financial institution, which amounts to approximately HK$406.3 million as at 30 June 2017. Such indebtedness carries an interest rate of 5% per annum and will fall due in December 2017. Further, the original currency of such indebtedness was in the form of RMB which may expose the Group to foreign exchange risk due to unforeseeable volatile fluctuations in RMB. Taking into account the relatively high interest rate, the due date of the debt and the fact that no further extension of the repayment date is allowed upon maturity and the potential foreign exchange risk, the Board considers that it is appropriate to repay the indebtedness owing to such non-financial institution by the net proceeds from the Rights Issue; and

(3) approximately 5% as general working capital of the Group (including operating expenses such as staff costs, professional fees, marketing expenses), for maintaining the minimum liquid capital to carry out regulated activities under the SFO, and/or or for future investment opportunities should suitable opportunities become available to the Group, which amounts to approximately HK$79.7 million. As at the Latest Practicable Date, the Group had not identified any potential investment target.

As at the Latest Practicable Date, the Company and its Directors did not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any potential corporate action in the forthcoming 12 months.

CASH AND ASSETS POSITION OF THE GROUP

Set out below is an analysis of the Group's cash to assets ratio based on the latest published unaudited interim report of the Group as at 30 June 2017 prepared for illustrative purpose:

	As at 30 June 2017 *(Note 1)* *HK$'000*	**Net proceeds from the Rights Issue** *HK$'000*	**Pro forma balance assuming Completion** *(Note 2)* *HK$'000*
Bank balances and cash	401,254	1,595,400	1,996,654
Total assets	3,459,498	1,595,400	5,054,898
Cash to assets ratio			39.50%

Notes:

1. The balances as shown above are based on the unaudited interim report of the Group as at 30 June 2017, which have not been reviewed or audited by the Group's auditors.

2. The pro forma balances as shown above are prepared solely based on the unaudited bank balances and cash and the total assets of the Group as at 30 June 2017 and the net proceeds from the Rights Issue without taking into account other movements in these balances since 30 June 2017 to Completion. Hence, the actual bank and cash balance and the total assets of the Group to be eventually recorded upon Completion may be different from those amounts illustrated above.

LISTING RULES IMPLICATIONS

Since the Rights Issue would increase neither the issued share capital nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 7.19(6) of the Listing Rules. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil-paid and fully-paid forms.

As the Underwriter is a substantial shareholder of the Company and thus, a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.92(2) of the Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules, the issue of the Rights Shares to the Underwriter under the Rights Issue is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the underwriting commission payable by the Company to the Underwriter would be approximately HK$9.7 million. As the highest percentage ratio in respect of the payment of the underwriting commission is more than 0.1% but less than 5%, such payment constitutes a connected transaction for the Company which is exempt from circular (including independent financial advice) and Independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter alone holds 340,192,667 Shares, representing approximately 23.24% of the total number of Shares in issue in the Company. The Underwriter and parties acting in concert with it (including Zhisheng) hold an aggregate of 510,290,000 Shares, representing approximately 34.86% of the total number of Shares in issue in the Company.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Underwritten Shares. Assuming no Qualifying Shareholders (other than the Underwriter and China Tian Yuan) applied for their provisional allotments of the Rights Shares and excess Right Shares, the Underwriter will be required to take up all the Underwritten Shares and the aggregate shareholding interest held by the Underwriter alone, and the Underwriter together with parties acting in concert with it would increase to approximately 43.36% and 51.11% of the issued share capital of the Company as enlarged by the issue of the Rights Shares immediately after Completion, respectively. In such circumstances, the Underwriter would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Underwriter and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

In this regard, the Underwriter has made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has agreed to grant the Whitewash Waiver subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll in accordance with the Takeovers Code. The granting of the Whitewash Waiver is a condition precedent to the Underwriting Agreement which is not capable of being waived. If the Whitewash Waiver is not obtained from the Executive and/or approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as Mr. Liu, China Tian Yuan, China Aim, Mr. Jia, the Underwriter and parties acting in concert with it (including Zhisheng) are interested in the Whitewash Waiver, they are required to abstain from voting on the resolution to be proposed at the SGM in relation to (i) the Rights Issue, (ii) the Underwriting Agreement and the transactions contemplated thereunder, and (iii) the Whitewash Waiver.

As at the Latest Practicable Date, the Company does not believe that the Rights Issue gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue does not comply with other applicable rules and regulations.

DEALINGS OF THE SHARES BY THE UNDERWRITER, ZHISHENG AND THEIR CONCERT PARTIES

As confirmed by the Underwriter, neither the Underwriter nor any of the parties acting in concert with any of it (including Zhisheng) in the six months prior to the date of the Announcement (i.e. 31 August 2017) have acquired any voting rights of the Company or dealt in any of the Shares.

GENERAL

The SGM will be convened and held at Room 3601-02, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 10:00 a.m. on Monday, 23 October 2017 to consider and, if appropriate, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

The voting in respect of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver will be conducted by way of a poll. Mr. Liu, China Tian Yuan, China Aim, the Underwriter, Zhisheng and their respective associates and parties acting in concert with any of them, and those who has material interest in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver shall abstain from voting on the resolutions approving the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver.

The Company's register of members will be closed from Tuesday, 17 October 2017 to Monday, 23 October 2017, both dates inclusive, for the purpose of, among other things, establishing entitlements to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to qualify for attending and voting at the SGM, Shareholders must lodge any transfers of the Shares (together with the relevant Share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 16 October 2017.

A notice convening the SGM is set out on pages SGM-1 to SGM-4 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form 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 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 the holding of the SGM (no later than (10:00 a.m. on Saturday, 21 October 2017 (Hong Kong time)) or any adjournment thereof (as the case maybe). Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case maybe) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Subject to the Rights Issue being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Rights Issue will be despatched to the Shareholders as soon as practicable, and in any event only the Prospectus but not the PAL will be sent to the Excluded Shareholders for their information purposes only.

RECOMMENDATION

The Directors (excluding members of the Independent Board Committee whose view is formed and set out in the section headed "Letter from the Independent Board Committee" in this circular) consider that (i) the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Increase in Authorised Share Capital, the Rights Issue and the Whitewash Waiver are 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 ordinary resolutions to be proposed at the SGM to approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 41 to 42 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM regarding the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. The Independent Board Committee comprised all non-executive and independent non-executive Directors, namely Mr. Mao Yumin, Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence, who have not been involved or interested in, directly or indirectly, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

Your attention is also drawn to the letter from TC Capital set out on pages 43 to 76 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and the principal factors and reasons taken into consideration in arriving at its advice.

ADDITIONAL INFORMATION

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

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon, among other things, approval by the Independent Shareholders at the SGM and the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 25 October 2017 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be on Tuesday, 21 November 2017), and any dealings in the Rights Shares in their nil-paid form from Tuesday, 7 November 2017 to Wednesday, 15 November 2017 (both days inclusive) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealing in the securities of the Company are recommended to consult their own professional advisers.

By the order of the Board
China HKBridge Holdings Limited
Liu Tingan
Chairman

Yours faithfully,

For and on behalf of
China HKBridge Holdings Limited

____
Name: Liu Tingan
Position: Executive Director