

**DATE: 31 AUGUST 2017**

**CHINA HKBRIDGE HOLDINGS LIMITED**  
**(as Company)**

**and**

**YOUFU INVESTMENT CO., LTD.**  
**(as Underwriter)**

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**UNDERWRITING AGREEMENT**

**relating to a Rights Issue of**  
**732,000,000 Rights Shares**  
**(in the proportion of one (1) Rights Shares**  
**for every two (2) Shares held on the Record Date) in**  
**CHINA HKBRIDGE HOLDINGS LIMITED**  
**at HK\$2.2 per Rights Share payable in full on acceptance**

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## **I N D E X**

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**THIS AGREEMENT** is dated the 31st day of August 2017

**BETWEEN:**

- (1) **China HKBridge Holdings Limited**, a company incorporated in Bermuda, having its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business in Hong Kong at Room 3601-02, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong ("**Company**"); and
- (2) **Youfu Investment Co., Ltd.**, a company incorporated in British Virgin Islands and having its registered office at NovaSage Chambers, Wickham's Cay II, Road Town, Tortola, British Virgin Islands ("**Underwriter**");

**WHEREAS:**

- (A) The Company is a company incorporated in Bermuda whose Shares are listed on the Stock Exchange. As at the date hereof, there are 1,464,000,000 Shares in issue. The Company adopted a share award scheme on 17 May 2016 pursuant to which certain share awards have been granted to certain beneficiaries. As at the date hereof, Mr. Liu Tingan (an executive Director) is the holder of outstanding share awards pursuant to which up to 48,00,000 Shares may be issued upon certain vesting conditions being met. Save for such outstanding share awards, there are 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 date hereof.
- (B) The Company proposes to offer to the Qualifying Shareholder, by way of rights, a total of 732,000,000 Rights Shares on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date.
- (C) As at the date hereof, the Underwriter and China Tian Yuan Manganese Limited ("**China Tian Yuan**") (each of them the "**Undertaking Shareholder**", and together the "**Undertaking Shareholders**") are the owners of 340,192,667 Shares and 240,000,000 Shares, respectively.
- (D) The Underwriter is solely owned by Mr. Sun Mingwei ("**Mr. Sun**"). China Tian Yuan is a company incorporated in the Cayman Islands and is wholly-owned by Ningxia Tian Yuan Manganese Industry Co., Ltd.\* (寧夏天元錳業有限公司)<sup>1</sup>, the registered capital in which is owned as to 99.62% by Mr. Jia Tianjiang ("**Mr. Jia**"), 0.19% by Ms. Dong Jufeng (東菊鳳) and Ms. Zhu Fenglian (朱鳳蓮), respectively.
- (E) Each of the Undertaking Shareholders has agreed by way of the Irrevocable Undertaking, inter alia, to accept the provisional allotment of certain number of Rights Shares under the Rights Issue, being its full entitlements under the Rights Issue. Each of Mr. Sun and Mr. Jia has agreed by way of the Irrevocable Undertaking to undertake to procure the performance of the Underwriter and China Tian Yuan of each of their obligations under this Agreement respectively.
- (F) Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms).
- (G) The Company has agreed to appoint the Underwriter, and the Underwriter has agreed

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<sup>1</sup> \*for identification purpose only

to underwrite 441,903,667 Rights Shares, on the terms and subject to the conditions hereinafter appearing.

**NOW IT IS HEREBY AGREED as follows:**

**1. Definitions**

- 1.1 In this Agreement including the Recitals hereto, unless the context otherwise requires, the following expressions have the following meanings:

**“Announcement”** the announcement to be made by the Company concerning, among other matters, the Rights Issue and this Agreement substantially in the form of the draft set out in Schedule 1 (subject to such amendments as the Company and the Underwriter may agree)

**“Audited Accounts”** the audited financial statements of the Group for the financial year ended on the Audited Accounts Date

**“Audited Accounts Date”** 31 December 2016;

**“Board”** the board of Directors

**“business day”** a day (excluding Saturday, Sunday and public holiday, and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business

**“CCASS”** the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited

**“Circular”** the circular to be issued by the Company containing, among other matters, (i) further details of the Rights Issue and the Whitewash Waiver; (ii) a letter of recommendation from the independent board committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver; (iv) certain financial information of the Group; (v) other information as required under the

	Listing Rules and the Takeovers Code; and (vi) a notice convening the SGM will be despatched by the Company to the Shareholders
<b>“Companies Ordinance”</b>	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended from time to time
<b>“Companies (WUMP) Ordinance”</b>	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended from time to time
<b>“Conditions Precedent”</b>	the conditions set out in Clause 2.1
<b>“Director(s)”</b> <b>“Executive”</b>	director(s) of the Company for the time being the Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate(s)
<b>“Excess Application Form(s)”</b>	the form of application for excess Rights Shares to be used in connection with the Rights Issue in the agreed form
<b>“Excluded Shareholder(s)”</b>	the Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Shareholders”</b>	the Shareholders other than any Shareholders who are involved in or interested in this Agreement, the Rights Issue and/or the Whitewash Waiver (including the Underwriter and parties acting in concert with it)
<b>“Interim Accounts”</b>	the unaudited consolidated statement of financial position and consolidated statement of comprehensive income of the Group for the six months ended the Interim Accounts Date
<b>“Interim Accounts Date”</b>	30 June 2017
<b>“Irrevocable Undertaking”</b>	the undertaking of even date executed by

each of the Underwriter, China Tian Yuan, Mr. Sun and Mr. Jia, a form of which is attached hereto as Schedule 2

**“Latest Time for Acceptance”**

4:00 p.m. on Wednesday of 8 November 2017 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on such day, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day instead; and (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on such day, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

**“Latest Time for Termination”**

4:00 p.m. on the first business day after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter

**“Listing Rules”**

Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

**“Overseas Shareholder(s)”**

Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) which is/are outside Hong Kong

**“Prospectus”**

the prospectus to be issued by the Company in connection with the Rights Issue in the agreed form, which is expected to be dated the Prospectus Posting Date, including any supplemental prospectus supplemental thereto

**“Prospectus Documents”**

the Prospectus, the Provisional Allotment Letter and the Excess Application Form

**“Prospectus Posting Date”**

24 October 2017 or such other date as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents

**“Provisional Allotment Letter”**

the provisional allotment letter to be used in connection with the Rights Issue in the agreed form

<b>“Qualifying Shareholders”</b>	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
<b>“Record Date”</b>	23 October 2017 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
<b>“Registrar”</b>	Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
<b>“Rights Issue”</b>	the proposed issue of the Rights Shares on the basis of one (1) Rights Shares for every two (2) Shares held on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under this Agreement
<b>“Rights Shares”</b>	732,000,000 Shares proposed to be issued by the Company under the Rights Issue
<b>“Settlement Date”</b>	the third business day after the Latest Time for Acceptance or such later time as may be agreed between the Company and the Underwriter
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SGM”</b>	the special general meeting of the Company to be convened and held to consider, among others, the Rights Issue, this Agreement and the transactions contemplated thereunder; and the Whitewash Waiver
<b>“Shareholder(s)”</b>	holder(s) of Share(s)
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.1 each in the share capital of the Company
<b>“Specified Event”</b>	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which render any of the warranties contained in Clause 10.1 untrue, inaccurate or misleading
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription Price”</b>	the issue price of HK\$2.2 per Rights Share at which the Rights Shares are proposed to be offered for subscription under the Rights

	Issue
“subsidiary”	has the same meaning as ascribed to such term in section 15 of the Companies Ordinance;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Underwriting Commission”	commission payable to the Underwriter in amount determined in accordance with Clause 8.1;
“Underwritten Shares”	441,903,667 Rights Shares;
“Verification Notes”	the verification notes to be prepared by Chiu & Partners, legal advisers to the Company as to Hong Kong laws, relating to the Prospectus
“Whitewash Wavier”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and the parties acting in concert with it as a result of the subscription of the Rights Shares by the Underwriter pursuant to this Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
1.2	References to the singular number include the plural and vice versa and references to one gender include every gender.
1.3	Any reference to a document being “in the agreed form” means in such form as may following the date of this Agreement be agreed between the Company and the Underwriter, both acting reasonably.
1.4	References to Clauses, Recitals and Schedules are to clauses of, recitals and schedules to this Agreement.
1.5	References in this Agreement to time are to Hong Kong time.
2.	<b><u>Conditions</u></b>
2.1	The obligations of the Underwriter under Clause 6 are conditional upon: <ol style="list-style-type: none"> <li>(1) the Independent Shareholders passing the ordinary resolutions at the SGM to approve, among others, (i) the Rights Issue; (ii) this Agreement and the transactions contemplated hereunder; and (iii) the Whitewash Waiver;</li> </ol>

- (2) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
  - (3) the Executive granting the Whitewash Waiver to the Underwriter, and such waiver not having been revoked or withdrawn, and all conditions (if any) set out under the Whitewash Waiver granted being satisfied;
  - (4) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
  - (5) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date;
  - (6) each of the Undertaking Shareholders providing their respective Irrevocable Undertaking, and complying with and performing their respective obligations and undertakings under the Irrevocable Undertaking;
  - (7) this Agreement not having been terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination; and
  - (8) there being no breach in any material respect of the undertakings and obligations of the Company under the terms of this Agreement at the Latest Time for Termination.
- 2.2 The Company shall use all reasonable endeavours to procure the fulfillment of the Conditions Precedent in Clause 2.1 by the Latest Time for Acceptance and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the fulfillment of all the Conditions Precedent.
- 2.3 The Conditions Precedent set out in Clauses 2.1(1) to 2.1(6) (both inclusive) are incapable of being waived by the Underwriter or the Company. The Underwriter may waive the conditions set out in Clauses 2.1(7) to (8) in whole or in part by written notice to the Company.
- 2.4 If the Conditions Precedent set out in Clause 2.1 are not satisfied (or, if capable of being waived, waived in whole or in part by the Underwriter) by the Latest Time for Acceptance or such later date or dates as the Underwriter may agree with the Company in writing, this Agreement shall terminate (save in respect of any provisions of Clause 8.2, 11, 14 and 16) and no party will have any claim against any other party for cost, damages, compensation or otherwise (save in respect of any rights or obligations which may have accrued under this Agreement prior to such termination).

### **3. Publication of the Announcement**

Subject to approval by the Stock Exchange and/or the SFC, the Company shall use its reasonable endeavours to procure the publication of the Announcement on the websites of the Company and the Stock Exchange respectively as soon as reasonably practicable following the signing of this Agreement.

4. **Provisional Allotment of Rights Shares and Excess Application**

4.1 Subject to fulfillment of the Conditions Precedent (1), (2), (3) and (4) set out in Clause 2.1, the Company shall:

- (1) procure that the Rights Shares are provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (2) following the issue of a certificate of authorisation of registration under section 342C of the Companies (WUMP) Ordinance, procure a copy of the Prospectus Documents (duly signed by or on behalf of two Directors in accordance with section 342C of the Companies (WUMP) Ordinance) to be delivered to the Registrar of Companies in Hong Kong for registration together with any other documents required by applicable law or regulation to be annexed thereto on or before the Prospectus Posting Date;
- (3) subject to the provision of Clause 4.1(2) and subject as hereinafter provided, procure the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date; and
- (4) deliver to the Underwriter certified copies of the resolutions referred to in Clauses 2.1(1) and 4.1(1) and the following documents on or before the Prospectus Posting Date:
  - (a) copy or evidence of approval from the Stock Exchange that the Prospectus Documents are authorised for registration pursuant to Section 342C of the Companies (WUMP) Ordinance;
  - (b) copies of the signed letters from each of the Directors accepting responsibility for the Prospectus Documents, in the terms set out in the Prospectus and signed statements of interests of each of the Directors concerning matters to be disclosed in the Prospectus; and
  - (c) certified signed copies of letters from the auditors of the Company addressed to the Company in relation to their review of the indebtedness statement and cashflow projections as set out in the Prospectus and their opinion on the Directors' working capital sufficiency statement of the Group as set out in the Prospectus.

4.2 The Rights Shares, when allotted and fully-paid, shall rank *pari passu* in all respects with the Shares then in issue on the date of allotment of the Rights Shares in fully-paid form, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

4.3 The Company shall make available for subscription by the Qualifying Shareholders, by means of the Excess Application Form, (i) any Rights Shares provisionally allotted to a nominee of the Company but which cannot be sold at a net premium (nil-paid) as set out in Clause 5.2; (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders; and (iii) any unsold aggregated fractions of the Rights Shares which are not provisionally allotted. Application may be made by completing the Excess Application Form for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion in fair and reasonable manner.

5. **Excluded Shareholders**

- 5.1 Unless the Board otherwise resolves having taken account of the opinion of its legal advisers of the relevant jurisdictions in which the Overseas Shareholders are situate, the Company shall, on or within two business days after the Prospectus Documents are posted to Shareholders in accordance with Clause 4.1(3), post copies of the Prospectus (without the Provisional Allotment Letter or the Excess Application Form) marked "For Information Only" to the Excluded Shareholders.
- 5.2 The Company shall provisionally allot the Rights Shares, which represent the entitlements of the Excluded Shareholders, to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall endeavour to sell the rights as soon as practicable after dealings in nil-paid Rights Shares commence and in any event on or before the last day of dealings in nil-paid Rights Shares at a net premium (nil-paid). If and to the extent that such rights can be so sold, the nominee shall account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), on the basis that the net proceeds after deducting the expenses of sale (if any) attributable to the sale of the Rights Shares that would otherwise have been allotted to the Excluded Shareholders shall be distributed pro rata to their shareholdings as at the Record Date (but rounded down to the nearest cent) to the Excluded Shareholders provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any of such nil-paid rights which are not sold as aforesaid will be dealt with as Rights Shares not accepted in accordance with Clauses 6.2 and 6.3.

6. **Underwriting Obligations**

- 6.1 The Underwriter's obligations under this Clause shall terminate if, before the Latest Time for Acceptance:
- (1) Provisional Allotment Letters in respect of all the Underwritten Shares (including any Rights Shares falling within the provisions of Clause 5.2) have been lodged for acceptance (whether by the persons to whom the Underwritten Shares were provisionally allotted or by renounces of the right to accept allotment) in accordance with the terms of the Prospectus Documents, together with cheques or bankers' cashier orders or other remittances for the full amount payable thereunder which are honoured on first or, at the discretion of the Company after consultation with the Underwriter, subsequent presentation (the Underwritten Shares comprised in Provisional Allotment Letters which are so lodged together with such remittances are herein referred to as having been "**accepted**" and cognate expressions shall be construed accordingly); or
  - (2) the number of Underwritten Shares applied for under Excess Application Forms which have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications which are honoured on first or, at the discretion of the Company after consultation with the Underwriter, subsequent presentation, is equal to or greater than the aggregate of the number of Underwritten Shares which have not been accepted.
- 6.2 If Excess Application Forms have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications

which are honoured on first or, at the discretion of the Company after consultation with the Underwriter, subsequent presentation, then the Company shall accept such applications which are honoured on first or, at the discretion of the Company after consultation with the Underwriter, subsequent presentation, provided that the Company shall only be obliged to accept applications for the aggregate number of the Underwritten Shares which shall not have been accepted and, if that aggregate number is less than the number of Rights Shares applied for under the relevant Excess Application Forms, the Company shall be entitled to determine on a fair basis (in accordance with the requirements of the Stock Exchange) which applications are to be accepted and which rejected, after consulting with the Underwriter. The Underwritten Shares which have either been accepted or which are the subject of accepted applications under Excess Application Forms are herein referred to as having been **"taken up"** and cognate expressions shall be construed accordingly.

- 6.3 If, however, by the Latest Time for Acceptance any of the Underwritten Shares have not been taken up ("**Untaken Shares**"), the Company shall as soon as practicable thereafter and in any event before 5:00 p.m. on the first business day after the Latest Time for Acceptance notify or procure the Registrars on behalf of the Company to notify the Underwriter in writing of the number of Untaken Shares. The Underwriter shall no later than 4:00 p.m. on the third business day after the Latest Time for Acceptance subscribe on the terms of the Prospectus Documents (so far as the same are applicable) for such Untaken Shares.
- 6.4 The Underwriter shall (subject to this Agreement not having been terminated by the Underwriter pursuant to the provisions hereof), after the receipt of the notification referred to in Clause 6.3 but not later than 4:00 p.m. on the Settlement Date, pay or procure payment to the Company by way of banker's draft or cashier's order drawn on a bank in Hong Kong or such other way as agreed between the Company and such Underwriter of the aggregate Subscription Price in respect of the Underwritten Shares for which it is obliged to subscribe or procure subscription in accordance with this Clause, less any amounts payable to such Underwriter pursuant to Clause 8.1. The Company shall arrange for delivery to the Underwriter or its nominee of share certificates in respect of the fully paid Underwritten Shares for which such Underwriter has subscribed or procured subscription in such names and in such denominations as it may reasonably require at the same time as share certificates are despatched generally to persons who have accepted Rights Shares or, where an Underwriter has designated an investor participant or CCASS participant stock account for deposit of all or part of the Rights Shares, evidence to the satisfaction of such Underwriter that such documents and instructions required to effect the crediting of such Rights Shares have been signed or given, as the case may be.
- 6.5 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 of the Rights Issue, 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.
- 6.6 The Company shall notify the Underwriter as soon as reasonably practicable thereafter of fulfillment by the Undertaking Shareholders of their obligations under the Irrevocable Undertaking and whether the conditions referred to therein have been fulfilled and in any event by not later than the Latest Time for Acceptance.

**7. Other obligations of the Underwriter**

- 7.1 Any transaction carried out by the Underwriter pursuant to Clause 6 (other than the

obligation to subscribe or procure subscription for any Underwritten Shares pursuant to Clause 6.3 and the obligations contained in Clause 7.2) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the Underwriter's own account. The Underwriter (in relation to Clause 6) shall not be responsible for any loss or damage to any persons arising from any such transaction or for any alleged insufficiency of any dealing price at which any of the Rights Shares may be sold by any such person or for the timing of any such transaction, except where such loss or damage arises from the gross negligence or default of that Underwriter or any agent appointed by it for such purpose.

- 7.2 In acting as agent of the Company hereunder, the Underwriter shall comply with all applicable laws and regulations and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its Directors to be in breach of any applicable laws or regulations, and in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by it of the Rights Shares are made only in compliance with all applicable laws and regulations and do not require the registration of the Prospectus Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong and the Underwriter shall not make or purport to make on behalf of the Company any representation or warranty not contained in the Prospectus Documents.

## **8. Payment of Fees and Expenses**

- 8.1 In consideration of the Underwriter's obligations under this Agreement to underwrite the Underwritten Shares and the Underwriter's services in connection with the issue of the Rights Shares, the Company shall by not later than the date of despatch of the share certificates in respect of the Rights Shares make the payments for (i) a commission of 1 per cent. of the aggregate Subscription Price in respect of the number of the Underwritten Shares; and (ii) all costs and other out-of-pocket expenses reasonably incurred by the Underwriter in respect of the Rights Issue (excluding the legal fees incurred by such Underwriter in respect of the Rights Issue contemplated under this Agreement, and all sub-underwriting commission payable by the Underwriter to its sub-underwriter(s) for the Rights Shares, which shall be borne by the Underwriter).
- 8.2 Payment of the amounts (a) referred to in Clause 8.1(i) shall be made only if the obligations of the Underwriter under this Agreement has become unconditional (whether or not the Underwriter is called upon to subscribe the Untaken Shares) and has not been terminated pursuant to Clause 12 and (b) referred to in Clause 8.1(ii) is payable to the Underwriter whether or not the obligations of the Underwriter under this Agreement become unconditional or are terminated pursuant to Clause 12.
- 8.3 The amounts payable by the Company to the Underwriter pursuant to Clause 8.1 may be set off against the amounts payable by such Underwriter to the Company pursuant to Clause 6. In the event of an Underwriter not being called upon to subscribe or procure subscribers pursuant to Clause 6.3 and/or the amount of the subscription moneys payable by an Underwriter to the Company being less than the full amount payable by the Company to such Underwriter, the amounts payable pursuant to Clause 8.1, or the balance thereof, shall be due and payable as soon as reasonably practicable and in any event not later than the date of despatch of the share certificates in respect of the Rights Shares or such other date as may be agreed between the Company and the Underwriter.
- 8.4 The Company shall bear its own legal fees, accountancy and other professional fees, the Registrars' fees, the cost of printing and distribution of the Announcement, the Prospectus Documents and all amendments and supplements thereto and all other costs, charges and expenses relating to the issue of the Rights Shares and associated

transactions (including, without limitation, all fees payable to the Stock Exchange in connection with the listing of the Rights Shares). The Company shall upon request by the Underwriter reimburse the Underwriter for any such expenses as are referred to above which the Underwriter may have paid or incurred on behalf of the Company as soon as practicable.

**9. Announcements**

Save as expressly required hereunder or as otherwise required by the Stock Exchange or the SFC, no public announcement or communication to the Shareholders or to the Stock Exchange or to the SFC concerning the Company and/or its subsidiaries which is material in relation to the Rights Issue shall be made or despatched by the Company or the Underwriter between the date hereof and, if all the Underwritten Shares are taken up, the Latest Time for Acceptance or, in any other case, the time at which the Underwriter is obliged to make payment under Clause 6, without prior written approval from the Company and the Underwriter as to the content, timing and manner of making or despatch thereof.

**10. Representations, Warranties and Undertakings**

10.1 The Company represents and warrants to and undertakes with the Underwriter in the following terms:

- (1) the facts stated in the Recitals (A) and (B) to this Agreement are true and accurate in all material respects;
- (2) all statements of fact contained or to be contained in the Announcement, the Circular and the Prospectus Documents are and will at the date of issue thereof be true and accurate in all material respects and not misleading and all expressions of opinion, intention and expectation expressed therein are and will be fair and honestly held and made after due and careful consideration;
- (3) there will be no information not disclosed in the Prospectus Documents (i) the omission of which makes any statement therein misleading or which, in the context of the issue of the Rights Shares, is material for disclosure therein; or (ii) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, profits and losses and prospects of the Group and of the rights attaching to the Rights Shares;
- (4) save as disclosed in the Audited Accounts, the audited consolidated balance sheet of the Group as at the Audited Accounts Date, the audited consolidated profit and loss account of the Group for the financial year ended on such date (including the notes thereto) were prepared in accordance with the applicable law and on a basis consistent with that adopted in preparing the audited accounts for the previous financial year in accordance with accounting principles, standards and practices generally accepted in Hong Kong so as to give (except to the extent (if any) disclosed therein) a true and fair view of the state of affairs of the Group as at the Audited Accounts Date and the profit or loss of the Group for the year ended on the Audited Accounts Date;
- (5) the Interim Accounts were prepared on the bases as set out therein and fairly reflect the state of affairs, assets, liabilities and financial and trading positions of the Group as at the Interim Accounts Date and the Group's results for the period ended on that date;

- (6) the statements, forecasts, estimates and expressions of opinion contained in the Announcement and to be contained in the Circular and Prospectus have been and will at the respective dates of issue thereof be made after due and proper consideration, are and will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known to the Company and/or the Directors or any of them;
- (7) all information necessary for the purpose of, or in the course of preparation of, the Announcement, the Circular and the Prospectus, and the replies to the Verification Notes, or which ought reasonably to have been disclosed or made available by the Company or the Directors was so disclosed or made available to its legal advisers (if any) fully, fairly and accurately and the replies to the Verification Notes (which will be prepared or approved by persons having appropriate knowledge and responsibility to enable them properly to provide such replies) given by the Company and the Directors will be true, accurate and complete in all material respects and not misleading and will contain all material information and particulars with regard to the subject matter thereof;
- (8) each of the companies in the Group is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on, has conducted its business in all material respects in accordance with all applicable laws and regulations of Hong Kong or any other jurisdiction relevant to any member of the Group;
- (9) neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration, prosecution or other legal proceeding of material importance nor is there any such proceeding pending or threatened against the Company or any of its subsidiaries, nor is there any claim or fact likely to give rise to any claim, in each case which may have or has had a significant effect on the financial position of the Group taken as a whole or which is material in the context of the Rights Issues. For the purpose of this clause, proceeding includes any action by any governmental, public or regulatory authority (including investment exchange or any authority or body which regulates investment business or takeovers or which is concerned with regulatory, licensing, competition and taxation matters);
- (10) except as disclosed in the Announcement or in other announcements circulars, annual reports or interim reports published by the Company prior to the date hereof in accordance with the Listing Rules, neither the Company nor any of its subsidiaries has since the Audited Accounts Date entered into any contract or commitment of an unusual or onerous nature which, in the context of the Rights Issue is material for disclosure, nor do any of them has entered or intend to enter into any contract or commitment which if it were entered into would be required to be disclosed under the Takeovers Code or would be a notifiable transaction within the meaning of the Listing Rules and which requires approval by Shareholders (and assuming for this purpose that no dispensation would be given by the Stock Exchange from the application of the relevant rule(s));
- (11) except as disclosed in the Announcement or other announcements, circulars, annual reports or interim reports published by the Company prior to the date hereof in accordance with the Listing Rules or otherwise as required by the Listing Rules, the Company and its subsidiaries has carried on its business in the ordinary and usual course and there has been no material adverse change in the financial or trading position of the Group as a whole or any non-

compliance of the Listing Rules or the Takeovers Code which has not been completely and properly disclosed by the Company in all material respects in the form of an announcement in accordance with the Listing Rules or the Takeovers Code or otherwise as required by the Listing Rules or the Takeovers Code;

- (12) no order has been made and no resolution has been passed for the winding up of, or for a provisional liquidator to be appointed in respect of, the Company or any of its subsidiaries, and no petition has been presented and no meeting has been convened for the purpose of winding up any of the same; no receiver has been appointed in respect of the Company or any of its subsidiaries or all or any material part of its assets; none of the Company nor any of its subsidiaries is insolvent, or unable to pay its debts within the meaning of section 178 of the Companies (WUMP) Ordinance, or has stopped paying its debts as they fall due; no voluntary arrangement between any member of the Group and any of its creditors and no unsatisfied judgment which is material to the condition of the Group is outstanding against the Company or any of its subsidiaries;
- (13) the Prospectus Documents will contain all particulars and information required by, and will be in accordance with the Companies (WUMP) Ordinance, the rules and regulations of the Stock Exchange and all other relevant Ordinances and governmental regulations in Hong Kong, if applicable, and the publication of the Announcement and the issue and dispatch of the Prospectus Documents shall not result in any breach of or default under any agreement, trust deed or instrument to which any member of the Group is a party;
- (14) all statements of fact contained in each announcement by the Company since the date of the Interim Accounts were, when made, true and accurate in all material respects and not misleading and all statements of opinion, intention and expectation expressed therein were, when made, fair and made after due and careful consideration and none of such statements were rendered materially untrue or misleading by the omission of any fact or matter;
- (15) except as disclosed in the Announcement, no material outstanding indebtedness or guarantee or indemnity of any liability of the Company or any of its subsidiaries has become payable by reason of default by the Company or any of its subsidiaries and no event has occurred or is pending which with the lapse of time or the fulfillment of any condition or the giving of notice or the compliance with any other formality may result in any such indebtedness or guarantee or indemnity of any liability becoming so payable;
- (16) the Company has power under its memorandum of association and bye-laws, has taken all necessary corporate or other action, and no other consents, actions, authorisations or approvals are necessary to enable or authorise it other than passing of the resolution(s) and the obtaining the consents and approvals referred to in Clause 2.1:
  - (a) to issue and allot the Rights Shares required to be provisionally allotted pursuant to the terms of this Agreement in accordance with the Prospectus Documents without any sanction;
  - (b) to deal with the Rights Shares attributable to the Excluded Shareholders as may be specified in the Prospectus Documents; and

- (c) to enter into and perform its obligations under this Agreement and to make the Rights Issue;
  - (17) the Rights Shares, when fully paid, shall be free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects among themselves and with the Shares then in issue, including the right to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of the Rights Shares;
  - (18) the obligations of the Company under this Agreement constitute legal, valid and binding obligations of the Company enforceable in accordance with the terms herein;
  - (19) the Company has available and sufficient authorised share capital to allot and issue the Right Shares; and
  - (20) other than pursuant to the Rights Issue, the Company shall not, from the date hereof until completion of the Rights Issue, without the Underwriter's prior written consent, issue any Shares or issue or grant any share options (including, for the avoidance of doubt, further options under the share option scheme of the Company) or other securities convertible into, exchangeable for or which carry rights to acquire Shares.
- 10.2 The Company undertakes to use all reasonable endeavours not to cause or permit or not to omit to do anything which would cause any Specified Event to occur prior to the Latest Time for Termination, and, if this Agreement is not rescinded pursuant to Clause 12, all such warranties, representations and undertakings as contained in Clause 10.1 above shall be deemed to have been repeated as at the Latest Time for Termination with reference to the facts and circumstances then subsisting.
- 10.3 If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, it shall forthwith give notice to the Underwriter of the same.
- 10.4 The Underwriter which is at present the beneficial owner of 340,192,667 Shares shall give, and the Underwriter shall procure China Tian Yuan which is at present the beneficial owner of 240,000,000 Shares to give, the Irrevocable Undertakings to the Company in the agreed form as set out in Schedule 2 to this Agreement, inter alia, to subscribe or procure subscribing for 170,096,333 Right Shares and 120,000,000 Right Shares, respectively, to be issued pursuant to the Rights Issue.
- 10.5 Each of the paragraphs in Clause 10.1 shall be construed separately and independently and shall not be limited or restricted by reference to or inference from any other paragraphs of Clause 10.1 or other provisions of this Agreement.
- 10.6 The Underwriter warrants and (where applicable) undertakes to the Company that:
- (1) the Underwriter has full power and authority and has obtained authorisation to enter into and exercise its rights and perform its obligations under this Agreement, and this Agreement, when executed, will constitute valid, binding and enforceable obligations on the Underwriter;
  - (2) the Underwriter is a company duly organised and validly existing under the laws of its jurisdiction of incorporation or establishment;

- (3) this Agreement constitutes a legally valid and binding obligation on it and enforceable according to its terms;
  - (4) it has sufficient financial resources necessary to satisfy fully its underwriting obligations as provided hereunder;
  - (5) the execution, delivery and performance of this Agreement by the Underwriter do not and will not violate in any respect any applicable provision of (i) any law or regulation or any order or decree of any governmental authority, agency or court of Hong Kong or any jurisdiction in which it is incorporated or resides or any part thereof prevailing as at the date of this Agreement and as at the Settlement Date; (ii) the laws and documents incorporating and constituting the Underwriter prevailing as at the date of this Agreement and as at the Settlement Date; or (iii) any mortgage, contract or other undertaking or instrument to which it is a party or which is binding upon it or any of its assets, and does not and will not result in the creation or imposition of any encumbrance on any of its assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument; and
  - (6) subject to the Conditions Precedent being fulfilled, no waivers, consents or approvals of any relevant governmental or regulatory authorities or other relevant third parties in Hong Kong or elsewhere are required by the Underwriter entering into and the implementation of this Agreement and no filings with any governmental regulatory authorities or other relevant third parties in Hong Kong or elsewhere are required or appropriate for the entering into and the implementation of this Agreement.
- 10.7 The foregoing provisions of this Clause 10 will continue in full force and effect notwithstanding the completion of the Rights Issue.

## **11. Indemnity**

11.1 The Company shall on demand indemnify the Underwriter, its directors, officers and employees (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”) and shall on demand hold the Indemnified Parties indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges and reasonably incurred expenses) whatsoever arising from or in respect of any breach by the Company of any provision of this Agreement, or any claim which may be brought or threatened to be brought against the Indemnified Parties (whether or not such claim is successfully compromised or settled) in each case arising out of or in relation to or by reason of the performance by the Underwriter of its obligations hereunder (and provided that such loss or liability is not connected with any failure by the Underwriter to comply with its obligations under this Agreement), by any subscriber of any of the Rights Shares or any subsequent purchaser or transferee thereof or any other person claiming that he has suffered loss in respect of them as a result of:

- (1) the Prospectus Documents not containing all the information required by law or pursuant to the rules of the Stock Exchange or other relevant authority or body to be stated therein or on the grounds that any statement, estimate or forecast contained in the Prospectus Documents is untrue, inaccurate or misleading in any material respect;
- (2) a breach by the Company or any of the Directors or any of the employees of the Company of the provisions of this Agreement or an action or omission of

the Company or any of the Directors or any of the employees of the Company resulting in a breach of any of the provisions of this Agreement;

- (3) the Prospectus failing or being alleged to fail to disclose sufficient information necessary to enable an informed assessment to be made by a sophisticated investor of the assets and liabilities, financial position, profits and losses, and prospects of the Group or of the rights attaching to the Rights Shares;
- (4) any untrue statement of a fact (excluding those concerning the Underwriter) contained in the Announcement, the Prospectus and all amendments and supplement thereto;
- (5) any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 10;
- (6) any breach of the laws or regulations of any country resulting from the allotment or issue of the Rights Shares or the distribution of the Prospectus Documents;
- (7) any misrepresentation of the Company or any of the Directors or any employee of the Company in the Announcement or the Prospectus Documents; or
- (8) the allotment or issue of the Rights Shares,

including in any such case (but without prejudice to the generality of the foregoing) all reasonable costs, charges and reasonably incurred expenses of whatever nature which the Indemnified Parties may properly incur or bear in disputing any such claim made against it or establishing any claim on its part under this Clause 11 provided that this indemnity shall not relate to any claims, proceedings, costs or expenses arising from any gross negligent act or wilful default, on the part of the Indemnified Parties and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Indemnified Parties after, and on the basis of, regular consultation with the Company.

- 11.2 The Company shall not make any claim against the Indemnified Parties to recover any damages which the Company may suffer arising out of the performance by the Indemnified Parties of its obligations hereunder, provided that such damages do not arise from any bad faith, gross negligence, wilful omission or default on the part of the Indemnified Parties.
- 11.3 If any of the Indemnified Parties becomes aware of any claim relevant for the purposes of Clause 11.1, it shall give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to such Indemnified Party being fully indemnified and secured to its reasonable satisfaction against all losses and expenses to which it might thereby render itself liable to suffer and incur including, without limitation, legal expenses properly and reasonably incurred by its legal advisers.
- 11.4 All amounts subject to indemnity under this Clause 11 shall be paid by the Company as and when they are incurred within 15 business days of a written notice demanding payment being given to the Company by or on behalf of the Indemnified Parties.
- 11.5 This Clause 11 shall remain in full force and effect notwithstanding the completion of the Rights Issue in accordance with this Agreement or the termination of this

Agreement.

**12. Rescission and Termination**

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

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of this Agreement;
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of this Agreement or continuing after the signing of this 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;
- (3) any material adverse change after the signing of this Agreement in the business, the financial or trading position or prospects of the Group as a whole;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of this 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;
- (5) after signing of this 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;
- (6) there is, after signing of this Agreement, any material adverse change or any development involving a prospective 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 People's Republic of China or other jurisdiction relevant to any member of the Group and a change in currency conditions for the purpose of this Clause 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
- (7) 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 hereof been publicly announced or published by the Company,

and such which event or events is or are in the reasonable opinion of the Underwriter (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or (b) is likely to affect materially and adversely the success of the Rights Issue; or (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

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

12.2 The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:

- (1) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in Clause 10 above comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

12.3 If prior to the Latest Time for Termination any such notice as is referred to in Clause 12.1 or 12.2 is given by the Underwriter, the obligations of all parties under this Agreement (save in respect of this Clause 12 and the provisions of Clause 11 which shall remain in full force and effect and save further that the Company shall pay the expenses specified in Clause 8 (subject as provided in Clause 8.2)) shall terminate forthwith. For the avoidance of doubt, the Underwriter shall not be entitled to give a notice pursuant to Clause 12.1 or Clause 12.2 at any time after the Underwriter's obligations under Clause 6 have terminated pursuant to Clause 6.1.

12.4 If this Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with Clause 6.4 paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which the Underwriter is obliged to subscribe or procure subscription under the provisions of Clause 6, the Company shall, not later than the end of the second business day after (but not including) the date of receipt of the notice of termination issued by the Underwriter pursuant to Clause 12.1 or Clause 12.2, remit to the Underwriter such amount which it has received from such Underwriter for subscription of the relevant Underwritten Shares. For the avoidance of doubt, notwithstanding the payment of any sum by or on behalf of any of the Underwriter to the Company, the obligation of the Company under Clause 8.2 shall be fulfilled.

12.5 Rescission or termination of this Agreement under this Clause 12 shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

### **13. Time of the Essence**

Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the parties hereto, but as regards any time, date or period originally fixed or any time, date or period so extended as aforesaid, time shall be of the essence.

### **14. Notices and Process Agent**

- 14.1 Any notice required to be given hereunder will be deemed to be duly served if left at or sent by hand, or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and marked for the attention of the following persons:

<u>Party</u>	<u>Address</u>	<u>Facsimile number/ E-mail</u>
The Company:	Room 3601-02, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	(852) 2323 8137
Underwriter:	14/F, 88 Gloucester Road, Wanchai, Hong Kong	2452594383@qq.com

- 14.2 Any such notice will be deemed to be served if sent by facsimile or e-mail on receipt of answerback, if sent by hand at the time when the same is handed to or left at the address of the party to be served, and if sent by post on the day (excluding Sundays or Hong Kong public holidays) after the day of posting.

## **15. Miscellaneous**

- 15.1 Counterparts: This Agreement may be executed in any number of counterparts which when executed and delivered is an original, but all the counterparts together constitute the same document. Any of the parties hereto may execute this Agreement on a facsimile copy counterpart and deliver its signature and seal by facsimile provided that a party executing this Agreement by facsimile shall deliver to all other parties such facsimile copy counterpart within seven days after delivering the same by facsimile.
- 15.2 Compromise or indulgence: Any liability of any party hereunder to any other party may in whole or in part be released, compounded or compromised and time or indulgence may be given by any party hereunder as regards any other party under such liability without prejudicing that party's rights against any other person under the same or a similar liability.
- 15.3 Underwriter being advised to seek independent legal advice: The Underwriter hereby acknowledges and confirms to the Company as follows:
- (1) that the Underwriter has been informed by the Company and is aware that Chiu & Partners are the solicitors acting for the Company only;
  - (2) that the Underwriter has been advised and afforded the opportunity to seek independent legal advice with respect to this Agreement as well as the nature of obligations arising and the transactions contemplated under this Agreement before its execution of this Agreement; and
  - (3) that the contents and effects of this Agreement are understood and have been carefully considered by the Underwriter.

## **16. Governing Law**

- 16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

- 16.2 The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong but this Agreement may be enforced in any other court in competent jurisdiction.

**IN WITNESS WHEREOF** this Agreement has been entered into the day and year first above written.

**EXECUTION PAGE**

**THE COMPANY**

SIGNED by *LUU TIN BAN*

for and on behalf of

**CHINA HKBRIDGE HOLDINGS LIMITED**

in the presence of: *CHAN TUN YAN*



)  
)  
) *劉錫安*  
)  
)

THE UNDERWRITER

SIGNED by *Sun Mingwei*

for and on behalf of

YOUFU INVESTMENT CO., LTD.

in the presence of:

*吴敏*

)

)

)

)

)

*For and on behalf of*  
YOUFU INVESTMENT CO., LTD  
優福投資有限公司

*Authorized Signature(s)*

SCHEDULE 1  
Form of the Announcement

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



**中國港橋控股有限公司**

**China HKBridge Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2323)**

- (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) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

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



**TC CAPITAL**

#### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

To facilitate the allotment and issue of the 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.

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 the Increase in Authorised Share Capital.

## PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of approximately HK\$1,610.4 million by way of Rights Issue (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 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.

To qualify for the Rights Issue, a Shareholder must be a registered member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not taken up.

Each of the Underwriter and China Tian Yuan has provided Irrevocable Undertakings to the Company to subscribe for their respective provisional allotments of Rights Shares (being an aggregate of 290,096,333 Rights Shares), and 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 Rights Issue (excluding the Rights Shares which are subject to the Irrevocable Undertakings as described below) will be fully underwritten by the Underwriter, and the relevant number involved is 441,903,667 Rights Shares.

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 25% for the repayment of the existing indebtedness of the Group to a non-financial institution, which amounts to approximately HK\$406.3 million as at 30 June 2017; (2) approximately 70% to support and develop the Group's existing asset management businesses and the newly set up investment platform in Shenzhen, 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 investment platform in Shenzhen; and (3) approximately 5% as general working capital of the Group and/or for future investment opportunities should suitable opportunities become available to the Group, which amounts to approximately HK\$79.7 million. As at the date of this announcement, the Group had not identified any specific acquisition target.

## **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.

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 date of this announcement up to the Record Date, the underwriting commission payable by the Company to the Underwriter would be approximately HK\$9.7 million, representing no more than 1% of the gross proceeds of 441,903,667 Rights Shares being underwritten by the Underwriter. 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 date of this announcement, 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 and parties acting in concert with it 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.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as 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 the Whitewash Waiver.

## **GENERAL**

The SGM will be convened and held to consider and, if appropriate, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

The voting in respect of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver will be conducted by way of a poll. The Underwriter and their respective associates, and those who has material interest in the Rights Issue and the Underwriting Agreement shall abstain from voting on the resolutions approving the Rights Issue and the Underwriting Agreement, and the Underwriter, Zhisheng and parties acting in concert or presumed to be acting in concert with any of them, and those who is/are involved in or interested in the Whitewash Waiver shall abstain from voting on the resolution approving the Whitewash Waiver.

The Independent Board Committee comprising all non-executive and independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and how to vote on the proposed resolution(s) in respect thereof in the SGM. The Company has appointed TC Capital International Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Circular containing, among other matters, details of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and a notice convening the SGM, is expected to be despatched to the Shareholders on or around Thursday, 21 September 2017. The Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable after the approval of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver by the Independent Shareholders at the SGM and the Prospectus will be despatched to the Excluded Shareholders for information purposes only.

## **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 Friday, 13 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 announcement up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be on Thursday, 9 November 2017), and any dealings in the Rights Shares in their nil-paid form from Thursday, 26 October 2017 to Friday, 3 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.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

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 (the **“Increase in Authorised Share Capital”**).

As at the date of this announcement, the unissued Shares are 536,000,000 Shares which fall 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 the Increase in Authorised Share Capital.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of approximately HK\$1,610.4 million by way of Rights Issue (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Rights Issue is proposed with the terms set out as follows.

## **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 date of this announcement	:	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 date of this announcement 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 date of this announcement 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 date of this announcement

## **Outstanding Share Awards**

As at the date of this announcement, there are Outstanding Share Awards held by a beneficiary (namely, Mr. Liu Tingan, an executive Director), pursuant to which up to 48,000,000 Shares 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 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 date of this announcement, 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 date of this announcement.

Assuming there is no change in the issued share capital of the Company from the date of this announcement 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 date of this announcement; 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 21.43% to the closing price of HK\$2.80 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) 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;
- (c) 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;
- (d) a discount of approximately 15.38% to the theoretical ex-rights price of approximately HK\$2.60 per Share based on the closing price of HK\$2.80 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) 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

- (f) 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 terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Underwriter, after having taken into account (i) the prevailing market prices of the Shares, (ii) the capital needs and financial position of the Company and (iii) the prevailing market conditions of the capital market in Hong Kong.

The Directors (excluding members of the Independent Board Committee whose view will be set out 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.

### **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 Monday, 16 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.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s). 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 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.

As at the date of this announcement, there is one Overseas Shareholder.

**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 Tuesday, 17 October 2017 to Monday, 23 October 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, but on a fair and equitable basis, to the Qualifying Shareholders under each application. 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 Thursday, 16 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 owns 340,192,667 Shares as at the date of this announcement, 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 date of this announcement 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 will be formed and set out in the Circular which contains details of the Rights Issue) 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 date of this announcement, 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**

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.

As at the date of this announcement, save as disclosed in this announcement, there is:

- (a) no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of each of the Underwriter and any parties acting in concert with it (including Zhisheng) and which might be material to the Whitewash Waiver;
- (b) no other agreement or arrangement to which the Underwriter or any parties acting in concert with it (including Zhisheng) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Whitewash Waiver; and
- (c) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Underwriter or any parties acting in concert with it (including Zhisheng) has borrowed or lent.

## EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all conditions of the Rights Issue will be fulfilled. Further announcement(s) will be made by the Company should there be any changes to the expected timetable.

Event	2017
Expected despatch date of the Circular, proxy form and notice of the SGM	Thursday, 21 September
Latest time for registration of Shares to be qualified for attendance and voting at the SGM	4:30 p.m. on Friday, 29 September
Closure of register of members of the Company for determining entitlements to attend the SGM	From Tuesday, 3 October to Wednesday, 11 October (both dates inclusive)
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Monday, 9 October

**Event****2017**

Record date for determining entitlements to attend the SGM	Wednesday, 11 October
Expected time and date of the SGM	10:00 a.m. on Wednesday, 11 October
Announcement of poll results of the SGM	Wednesday, 11 October
Effective date of the Increase in Authorized Share Capital	Wednesday, 11 October
Last day of dealings in the Shares on a cum-rights basis	Thursday, 12 October
First day of dealings in the Shares on an ex-rights basis	Friday, 13 October
Latest time for the Shareholders to lodge transfer of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Monday, 16 October
Closure of register of members of the Company for determining entitlements to the Rights Issue	From Tuesday, 17 October to Monday, 23 October (both dates inclusive)
Record Date for determining entitlements to the Rights Issue	Monday, 23 October
Register of members of the Company re-opens	Tuesday, 24 October
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, Prospectus only)	Tuesday, 24 October
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 26 October
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Tuesday, 31 October
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Friday, 3 November
Latest Acceptance Time	4:00 p.m. on Wednesday, 8 November
Latest Termination Time and the Rights Issue becomes unconditional	4:00 p.m. on Thursday, 9 November

Announcement of the allotment results of the Rights Issue	Wednesday, 15 November
Despatch of certificates for the fully-paid Rights Shares	Thursday, 16 November
Despatch of refund cheques if the Rights Issue does not proceed and in respect of wholly or partially unsuccessful application(s) for excess Rights Shares	on or before Thursday, 16 November
Expected first day of dealings in the fully-paid Rights Shares	9:00 a.m. on Friday, 17 November

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

#### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

All times in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Wednesday, 8 November 2017, being the date of the Latest Acceptance Time,

- (a) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Acceptance Time will be postponed to 5:00 p.m. on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m., the Latest Acceptance Time will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.,

the dates mentioned in the expected timetable above (including, without limitation, the Latest Termination Time) may be affected.

## 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 date of this announcement up to the Record Date:

	(i) As at the date of this announcement		(ii) Immediately after Completion, assuming all the Rights Shares are subscribed by the Qualifying Shareholders		(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	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
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
<b>Connected persons:</b>						
China Tian Yuan (Note 2)	240,000,000	16.39	360,000,000	16.39	360,000,000	16.39
China Aim Holdings Limited (Note 3)	200,000,000	13.66	300,000,000	13.66	200,000,000	9.11 (Note 6)
Liu Tingan (Note 4)	12,000,000	0.82	18,000,000	0.82	12,000,000	0.55
Public Shareholders	501,710,000	34.27	752,565,000 (Note 5)	28.71	501,710,000	22.84 (Note 6)
<b>Total</b>	<b>1,464,000,000</b>	<b>100.00</b>	<b>2,196,000,000</b>	<b>100.00</b>	<b>2,196,000,000</b>	<b>100.00</b>

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), which is in turn owned as to 99.62% by Mr. Jia, 0.19% by Ms. Dong Jufeng (東菊鳳) and Ms. Zhu Fenglian (朱鳳蓮), respectively

\* For identification purpose only

3. China Aim Holdings Limited is wholly-owned by Ms. Liu Hui (劉慧).
4. Mr. Liu Tingan (劉廷安) 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. 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 date of this announcement:

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 Holdings Limited	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

<b>Date of announcements</b>	<b>Fund raising activity</b>	<b>Date of completion</b>	<b>Net proceeds raised</b>	<b>Intended use of the proceeds</b>	<b>Actual use of the proceeds</b>
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 date of this announcement.

## **REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The Group is principally engaged in the (a) manufacture and sale of a broad range of printed circuit boards, (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.

Starting from last year, the Group commenced its operation on asset management business by recruiting more headcounts on this field as well as investment banking and corporate finance experience and exposures. 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. In view of our asset management business is still in an infant stage, this business needs to be supported

with strong capital base. Occasionally, the Group has to contribute seed money into any of its newly set-up funds. The Board considers that it is an opportune moment for the Company to strengthen its financial position through the Rights Issue after having considered various fund raising methods. The Board considers that it is prudent to support the continuing development of the Group's current business activities, in particular, the asset management and financial service business, by way of the Rights Issue which will not only strengthen the Group's capital base and enhance its financial position at reasonable costs, but will also provide all Qualifying Shareholders the opportunity to participate in the future business development of the Group through the Rights Issue at a price lower than the current market price of the Shares.

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 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; (2) approximately 70% to support and develop the Group's existing asset management businesses and the newly set up investment platform in Shenzhen, 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 investment platform in Shenzhen; and (3) approximately 5% as general working capital of the Group and/or for future investment opportunities should suitable opportunities become available to the Group, which amounts to approximately HK\$79.7 million. As at the date of this announcement, the Group had not identified any specific acquisition target.

Based on the aforesaid and taking into account that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group, the Board (excluding the Independent Board Committee whose opinion will be set forth in the circular after having been advised by an independent financial adviser in this regard) considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## **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 date of this announcement 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 date of this announcement, 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 and parties acting in concert with it 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 will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be 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 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 date of this announcement, the Company does not believe that the Rights Issue will give 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 announcement, 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, Zhisheng nor any of the parties acting in concert with any of it in the six months prior to the date of this announcement have acquired any voting rights of the Company or dealt in any of the Shares.

## **GENERAL**

The SGM will be convened and held to consider and, if appropriate, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

The voting in respect of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver will be conducted by way of a poll. The Underwriter and their respective associates, and those who has material interest in the Rights Issue and the Underwriting Agreement shall abstain from voting on the resolutions approving the Rights Issue and the Underwriting Agreement, and the Underwriter, Zhisheng and parties acting in concert or presumed to be acting in concert with any of them, and those who is/are involved in or interested in the Whitewash Waiver shall abstain from voting on the resolution approving the Whitewash Waiver.

The Company's register of members will be closed from Tuesday, 3 October 2017 to Wednesday, 11 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 Friday, 29 September 2017.

The Independent Board Committee comprising 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, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and how to vote on the proposed resolution(s) in respect thereof in the SGM. The appointment of TC Capital International Limited as the independent financial adviser of the Company has been approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Circular containing, among other matters, (i) details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iv) financial information of the Group; (v) details of the Increase of Authorised Share Capital; (vi) other information as required under the Listing Rules and the Takeovers Code; and (vii) a notice convening the SGM, is expected to be despatched to the Shareholders on or around Thursday, 21 September 2017.

The Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable after the approval of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver by the Independent Shareholders at the SGM and the Prospectus will be despatched to the Excluded Shareholders for information purposes only.

## **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 Friday, 13 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 announcement up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be on Thursday, 9 November 2017), and any dealings in the Rights Shares in their nil-paid form from Thursday, 26 October 2017 to Friday, 3 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.

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day, not being a Saturday, Sunday or public holiday, on which banks are open for business (including for dealings in foreign currency deposits and exchange) in Hong Kong
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Tian Yuan”	China Tian Yuan Manganese Limited (中國天元錳業有限公司), a company incorporated in the Cayman Islands and wholly-owned by Ningxia Tian Yuan Manganese Industry Co., Ltd.* (寧夏天元錳業有限公司), which is in turn owned as to 99.62% by Mr. Jia, 0.19% by Ms. Dong Jufeng (東菊鳳) and Ms. Zhu Fenglian (朱鳳蓮), respectively
“Circular”	a circular to be issued by the Company containing, among other matters, (i) details of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iv) financial information of the Group; (v) details of the Increase of Authorised Share Capital of the Company; and (vi) other information as required under the Listing Rules and the Takeovers Code; and (vi) a notice convening the SGM

\* For identification purpose only

“Company”	China HKBridge Holdings Limited (stock code: 2323), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Rights Issue
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to such term under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Excluded Shareholders”	the Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares, on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his/her delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the non-executive and independent non-executive Directors, namely Mr. Mao Yumin, Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence, which has been established to advise the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and as to voting

“Independent Shareholders”	Shareholders other than Mr. Liu Tingan, China Tian Yuan, the Underwriter, Zhisheng and their respective associates and parties acting in concert with any of them and those who is/are involved in or interested in the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Company or its connected persons
“Irrevocable Undertakings”	the irrevocable undertakings dated 31 August 2017 given by each of the Underwriter, Mr. Sun, China Tian Yuan and Mr. Jia in favor of the Company, details of which are set out in the paragraph headed “Underwriting Agreement — Irrevocable Undertakings” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Last Trading Day”	31 August 2017, being the date of the Underwriting Agreement and the last trading day of the Shares before the release of this announcement
“Latest Acceptance Time”	4:00 p.m. on Wednesday, 8 November 2017, or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
“Latest Termination Time”	4:00 p.m. on Thursday, 9 November 2017, being the first Business Day after the Latest Acceptance Time, or such later time as may be agreed between the Company and the Underwriter in writing
“Mr. Jia”	Mr. Jia Tianjiang (賈天將), who holds 99.62% of the issued share capital of Ningxia Tian Yuan Manganese Co., Ltd.* (寧夏天元錳業有限公司), which in turn wholly owns China Tian Yuan
“Mr. Sun”	Mr. Sun Mingwen (孫明文), the sole shareholder of the Underwriter and the brother-in-law of Ms. He
“Ms. He”	Ms. He Yeqin (賀葉芹), the sole shareholder of Zhisheng and the sister-in-law of Mr. Sun
“Outstanding Share Awards”	the outstanding awards to Mr. Liu Tingan, an executive Director, of up to 48,000,000 new Shares pursuant to the Share Award Scheme

“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders in relation to the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 24 October 2017, or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the Record Date, other than the Excluded Shareholders
“Record Date”	Monday, 23 October 2017, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue of one (1) Rights Share for every two (2) existing Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	a total of 732,000,000 Share(s) to be allotted and issued under the Rights Issue (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, among other things, (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

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 17 May 2016, brief details of which are set out in the Company’s circulars dated 5 July 2016 and 30 September 2016, respectively
“Shareholder(s)”	shareholder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$2.2 per Rights Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	Youfu Investment Co., Ltd, a company incorporated in the BVI and which is wholly-owned by Mr. Sun (the brother-in-law of Ms. He)
“Underwriting Agreement”	the underwriting agreement dated 31 August 2017 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	441,903,667 Rights Shares, being the total number of Rights Shares less a total of 290,096,333 Rights Shares to be taken up by the Underwriter and China Tian Yuan pursuant to the Irrevocable Undertakings
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it as a result of the subscription of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement
“Zhisheng”	Zhisheng Enterprise Investment Co. Ltd., a company incorporated in the BVI and is wholly-owned by Ms. He Yeqin (the sister-in-law of Mr. Sun)

“HK\$”

Hong Kong dollar, the lawful currency of Hong Kong

“%”

per cent.

By order of the Board of  
**China HKBridge Holdings Limited**  
**Liu Tingan**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 August 2017

*As at the date of this announcement, the board of directors of the Company comprises Mr. Liu Tingan, and Mr. Cheok Ho Fung, being executive Directors; and Mr. Mao Yumin, being non-executive Director; and Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence being independent non-executive Directors.*

*All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading*

## SCHEDULE 2

### **FORM OF IRREVOCABLE UNDERTAKING**

Date: 2017

To: China HKBridge Holdings Limited

Dear Sirs,

#### **Rights Issue of 732,000,000 Rights Shares at a subscription price of HK\$2.2 per Rights Share by China HKBridge Holdings Limited**

We (namely, Youfu Investment Co., Ltd. and China Tian Yuan Manganese Limited (collectively, the “**Undertaking Shareholders**” and each an “**Undertaking Shareholder**”)) understand that on \_\_\_\_\_ 2017, an underwriting agreement (the “**Underwriting Agreement**”) was entered into between China HKBridge Holdings Limited (the “**Company**”) and Youfu Investment Co., Ltd. as underwriter in relation to a proposed rights issue of the Company. Unless otherwise stated, terms defined in the Underwriting Agreement have the same meanings when used in this letter.

This Undertaking Letter is executed by us as shareholders of the Company in favour of the Company and Youfu Investment Co., Ltd..

As at the date of this letter, each of the Undertaking Shareholders is the beneficial owner of such number of Shares as set out in the table below. We understand that the Company proposes to issue, by way of rights issue, an aggregate of 732,000,000 Rights Shares to the Qualifying Shareholders in the proportion of one (1) Rights Share for every two (2) Shares held as at the Record Date. Subject to the Rights Issue becoming unconditional, each of the Undertaking Shareholders will be entitled to the following number of Rights Shares:

<b><u>Name</u></b>	<b><u>No. of Shares currently owned ("Current Securities")</u></b>	<b><u>No. of Rights Shares entitled to</u></b>
Youfu Investment Co., Ltd. ("Youfu Inv")	340,192,667	170,096,333
China Tian Yuan Manganese Limited ("China Tian Yuan")	240,000,000	120,000,000
<b>Total:</b>	<b>580,192,667</b>	<b>290,096,333</b>

Save as the aforesaid (and, for complete record purpose, that the owner of Youfu Inv is the brother-in-law of the sole beneficial owner of Zhisheng Enterprise Investment Co. Ltd. which is the beneficial owner of 170,097,333 Shares as at the date hereof), each of the Undertaking Shareholders confirm that such Undertaking Shareholder and its close associates (as defined in the Listing Rules) have no other direct or indirect interests in the Shares.

In connection with the Rights Issue and in consideration of the Underwriter undertaking its obligation under the Underwriting Agreement and of the Company undertaking the Rights Issue, each of the Undertaking Shareholders unconditionally and irrevocably undertakes to the Company as follows:-

- (i) Youfu Inv will accept or procure the application of, by the Latest Time for Acceptance, an aggregate of 170,096,333 Rights Shares in accordance with its entitlements set out above, to which it has assured entitlements in respect of 340,192,667 Shares registered in its name as at the date of this letter, and (b) procure that application forms in respect of aggregate of 170,096,333 Rights Shares, to which it has assured entitlements, will be lodged on or before the Latest Time for Acceptance;
- (ii) China Tian Yuan will (a) accept or procure the application of, by the Latest Time for Acceptance, an aggregate of 120,000,000 Rights Shares in accordance with its entitlements set out above, to which it has assured entitlements in respect of 240,000,000 Shares registered in its name as at the date of this letter, and (b) procure that application forms in respect of aggregate of 120,000,000 Rights Shares, to which it has assured entitlements, will be lodged on or before the Latest Time for Acceptance;
- (iii) each Undertaking Shareholder hereby authorises the Company that, in the event that such Undertaking Shareholder fails to comply with the undertakings given in (i) or (ii) above:-
  - (a) to treat this letter as an application by such Undertaking Shareholder for all the Rights Shares to which such Undertaking Shareholder has assured entitlements;
  - (b) to allocate and procure the issue of the same to such Undertaking Shareholder; and
  - (c) to procure the registration of the same in the name of such Undertaking Shareholder;
- (iv) that the Current Securities will remain to be owned by such such Undertaking Shareholder until the close of business on the Record Date; and
- (v) that, save and except any subsisting security interests or pursuant to the Underwriting Agreement, each Undertaking Shareholder will not, and shall procure that its nominees and/or companies controlled by it or by any of its nominees (whether directly or indirectly shall not, during the period from immediately after the signing of the Underwriting Agreement and prior to or on the Record Date or the date the Underwriting Agreement being terminated (where applicable), without the prior written consent of the Company, dispose of or transfer any of the Current Securities or any interest in it (other than the application for Rights Shares to which it has assured entitlements under the Rights Issue) and notwithstanding the foregoing, unless any third party to whom such Current Securities or interests are to be transferred shall undertake to give similar undertakings in favour of the Company to those set out in this letter.

Each of Youfu Inv and China Tian Yuan further undertakes that it will not transfer, trade or otherwise deal with any of the Shares until the Record Date has passed, or when the Underwriting Agreement is otherwise terminated in accordance with the terms thereof, whichever is earlier.

Each of Mr. Sun Mingwei and Mr. Jia Tianjiang further unconditionally and irrevocably undertakes to procure the performance of Youfu Inv and China Tian Yuan, respectively of each of their obligations under the Underwriting Agreement.

The terms of this letter shall be governed by and construed in accordance with the laws of Hong Kong. Each of the Undertaking Shareholders hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong.

*[The remaining part of this page is intentionally left blank]*

IN WITNESS whereof this letter has been executed the day and year first above written.

**THE COMMON SEAL** of  
**Youfu Investment Co., Ltd.**  
is hereunto affixed  
in the presence of:-

)  
)  
)  
)

**THE COMMON SEAL of** )  
**China Tian Yuan Manganese Limited** )  
is hereunto affixed )  
in the presence of:- )

**SIGNED, SEALED and DELIVERED**  
by **Sun Mingwei**  
in the presence of:-

)  
)  
)

**SIGNED, SEALED and DELIVERED**  
by **Jia Tianjiang**  
in the presence of:-

)  
)  
)