

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Trends Holdings Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of each of the Prospectus Documents, together with the documents specified in the section headed “Documents delivered to the Registrar of Companies in Hong Kong”, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

The Offer Bonds are offered for sale by the Offerors. China Trends Holdings Limited will not receive any proceeds from the Clawback Offer.

**CHINA TECHNOLOGY  
EDUCATION TRUST  
ASSOCIATION**

**METROPOWER HOLDINGS  
LIMITED**



**HONOUR SKY  
INTERNATIONAL LIMITED**

**WONG CHAK KEUNG**



**CHINA TRENDS HOLDINGS LIMITED**

**中國趨勢控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8171)**

**CLAWBACK OFFER BY  
CHINA TECHNOLOGY EDUCATION TRUST ASSOCIATION,  
HONOUR SKY INTERNATIONAL LIMITED,  
METROPOWER HOLDINGS LIMITED AND  
WONG CHAK KEUNG**

**Underwriters**

  
**KINGSTON SECURITIES**



**HONOUR SKY INTERNATIONAL LIMITED**

Terms used in this cover page shall have the same meanings as defined in this prospectus.

Shareholders and potential investors should note that the Clawback Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Clawback Offer” in this Prospectus. In particular, it is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Clawback Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

3 December 2015

## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

<b>CONTENTS</b>
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	<i>Page</i>
<b>Expected Timetable</b> .....	iii
<b>Termination of the Underwriting Agreement</b> .....	v
<b>Definitions</b> .....	1
<b>The Clawback Offer by the Offerors</b> .....	7
<b>Appendix — General Information</b> .....	25

## EXPECTED TIMETABLE

*The expected timetable for the Clawback Offer set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Clawback Offer will be fulfilled. The expected timetable is therefore subject to change and may varied by agreement between the Company and the Underwriters. Any consequential change will be announced by way of a separate announcement by the Company as and when appropriate.*

<b>Event</b>	<b>2015 (Hong Kong time)</b>
Last day of dealings in the Shares on a cum-rights basis.....	Tuesday, 24 November
Commencement of dealings in the Shares on an ex-rights basis.....	Wednesday, 25 November
Latest Time for Lodging .....	4:30 p.m. on Thursday, 26 November
Book close period to determine the entitlements to the Clawback Offer (both dates inclusive) .....	Friday, 27 November to Tuesday, 1 December
Record Date.....	Tuesday, 1 December
Register of members re-opens.....	Wednesday, 2 December
Prospectus Documents to be posted.....	Thursday, 3 December
Latest time for acceptance of and payment for the Offer Bonds .....	4:00 p.m. on Thursday, 17 December
Underwriting Agreement becomes unconditional .....	4:00 p.m. on Wednesday, 23 December
Announcement of the results of the Clawback Offer to be published.....	Thursday, 24 December
Share certificates for Offer Conversion Shares to be posted.....	Wednesday, 30 December
Dealings in Offer Conversion Shares commences.....	Thursday, 31 December

<b>EXPECTED TIMETABLE</b>
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**EFFECT OF BAD WEATHER ON THE LATEST ACCEPTANCE DATE**

The Latest Time for Acceptance and payment for the Offer Bonds will be postponed if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
  - i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 17 December 2015. The Latest Time for Acceptance and payment for the Offer Bonds will be extended to 5:00 p.m. on the same Business Day; or
  - ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 17 December 2015, the Latest Time for Acceptance and payment for the Offer Bonds will be rescheduled to 4:00 p.m. on the following 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..

If the Latest Time for Acceptance and payment for the Offer Bonds is postponed in accordance with the foregoing, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

## TERMINATION OF THE UNDERWRITING AGREEMENT

If prior to the Latest Time for Termination:

- (i) in the absolute opinion of Kingston (on behalf of the Underwriters), the success of the Clawback Offer would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Clawback Offer; or
  - (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 before, and/or after the date of the Underwriting Agreement, of a political, military, financial, economic, industrial, fiscal, currency or market condition or equity securities or stock or other financial market conditions or any monetary or trading settlement system or conditions of other nature (whether or not ejusdem generis with any of the foregoing); or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, which may, in the opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Clawback Offer or otherwise makes it inexpedient or inadvisable to proceed with the Clawback Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Clawback Offer or otherwise makes it inexpedient or inadvisable to proceed with the Clawback Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

## TERMINATION OF THE UNDERWRITING AGREEMENT

- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of Kingston (on behalf of the Underwriters), a material omission in the context of the Clawback Offer; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Clawback Offer; or
- (viii) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to the Offerors, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of any of the Underwriters.

Any such notice shall be served by Kingston (on behalf of the Underwriters) prior to the Latest Time for Termination.

**If Kingston (on behalf of the Underwriters) rescinds or terminates the Underwriting Agreement in accordance with the terms thereof, the Clawback Offer will not proceed.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	announcement of the Company dated 5 October 2015 in relation to, among other matters, the Clawback Offer
“Application Form(s)”	the form of application for use by the Qualifying Shareholders to apply for the Offer Bonds
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Bond Transfer Agreement”	the agreement dated 5 October 2015 and entered into between Ocean Space and Honour Sky pursuant to which Ocean Space agreed to sell and Honour Sky agreed to purchase Convertible Bonds in the principal amount of HK\$36,077,132
“business day”	any day (other than a Saturday, Sunday or public holiday and any day on which tropical cyclone signal no. 8 or above or a “black” rainstorm warning signals is hoisted in Hong Kong at any time between 9:00 a.m. to 4:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Technology”	China Technology Education Trust Association, a society registered under the provisions of section 5A(1) of the Societies Ordinance, Chapter 151 of the Laws of Hong Kong
“Circular”	the circular of the Company dated 6 November 2015 in relation to, among other matters, the Second Deed of Amendment
“Clawback Offer”	the clawback offer of Offer Bonds in the principal amount of HK\$0.074 (or two Offer Conversion Shares upon the Conversion of such offer Bonds) for every one Share held on the Record Date



## DEFINITIONS

“Companies (Winding Up and Miscellaneous Provision) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	China Trends Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Conversion Price”	HK\$0.037 per Conversion Share, being the adjusted conversion price, subject to adjustments, pursuant to the terms of the Convertible Bonds
“Conversion Share(s)”	new Share(s) to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	convertible bonds in the initial principal amount of HK\$595,000,000 issued by the Company on 30 December 2009
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Honour Sky”	Honour Sky International Limited, a company incorporated in the British Virgin Islands with limited liability and Mr. Xiang is the sole director and Ms. Kung Ching, the spouse of Mr. Xiang, is the ultimate beneficial owner
“Honour Sky Undertaking”	an irrevocable undertaking given by Honour Sky in favour of Kingston that Honour Sky will, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$122,167,708.002 to which Honour Sky is entitled under the Clawback Offer

## DEFINITIONS

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Kingston”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“Last Trading Day”	5 October 2015, being the last full trading day before the release of the Announcement
“Latest Practicable Date”	30 November 2015, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m., on Thursday, 17 December 2015 or such other date and/or time as may be agreed between the Offerors and Kingston (on behalf of the Underwriters), being the latest time for acceptance of the offer of the Offer Bonds
“Latest Time for Lodging”	4:30 p.m. on Thursday, 26 November 2015 or such other date and/or time as may be agreed between the Offerors and Kingston (on behalf of the Underwriters), being the latest date for the lodging of any transfer form in respect of the Shares in order for a transferee to qualify for the Clawback Offer
“Latest Time for Termination”	4:00 p.m. on Wednesday, 23 December 2015 or such other time and/or date as may be agreed between the Offerors and Kingston (on behalf of the Underwriters)
“Maturity Date”	30 December 2015, being the revised maturity date of which the Convertible Bonds became due
“Metropower”	Metropower Holdings Limited, a company incorporated in Hong Kong with limited liability
“Morgan Strategic”	Morgan Strategic Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“Mr. Wong”	Wong Chak Keung
“Mr. Xiang”	Xiang Xin, the chairman of the Board and an executive Director

## DEFINITIONS

“Ocean Space”	Ocean Space Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Offer Bond(s)”	Convertible Bonds in the aggregate principal amount of HK\$498,390,142.968 proposed to be offered to Qualifying Shareholders on the terms set out in the Underwriting Agreement and in the Prospectus
“Offer Conversion Shares”	13,470,003,864 new Shares to be allotted and issued upon the automatic conversion of the Offer Bonds
“Offerors”	China Technology, Honour Sky, Metropower and Mr. Wong
“Offer Price”	offer price of HK\$0.074 for every Offer Bonds in the principal amount of HK\$0.074
“Offerors Undertaking”	an irrevocable undertaking given by the Offerors in favour of the Underwriters (i) not to dispose of, or agree to dispose of, any Convertible Bonds held by each of them; and (ii) not to exercise the conversion rights attached to the Convertible Bonds held by each of them, from the date of the Underwriting Agreement to the close of business on the Record Date
“Optionholder Undertaking”	an irrevocable undertaking given by each of the 18 holders holding an aggregate of 563,500,000 Share Options in favour of the Underwriters not to exercise the Share Options held by him/it from the date of the Underwriting Agreement to the close of business on the Record Date
“Outstanding Convertible Bonds”	the Convertible Bonds with an outstanding principal amount of HK\$505,596,736 held by the Bondholders
“Overseas Shareholders”	Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date is(are) outside of Hong Kong
“Prohibited Shareholders”	those Overseas Shareholders to whom the Offerors, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Clawback Offer
“Prospectus”	this prospectus containing details of the Clawback Offer
“Prospectus Documents”	the Prospectus and the Application Form(s)

## DEFINITIONS

“Prospectus Posting Date”	Thursday, 3 December 2015 or such other date as Kingston (on behalf of the Underwriters) may agree in writing with the Offerors
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders
“Record Date”	Tuesday, 1 December 2015, the date by reference to which entitlements to the Clawback Offer are to be determined, or such other date as may be agreed between the Offerors and Kingston (on behalf of the Underwriters)
“Registrar”	Union Registrars Limited of A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, the Hong Kong branch share registrar of the Company
“Second Deed of Amendment”	the conditional second deed of amendment dated 5 October 2015 and entered into between the Company and the Bondholders to amend certain terms of the Convertible Bonds
“Settlement Date”	the date being the fourth business day following (but excluding) the Latest Time for Termination or such later date as the Offerors and Kingston (on behalf of the Underwriters) may agree
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing issued share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Shareholders Undertakings”	irrevocable undertakings given by each of Morgan Strategic and Ocean Space in favour of the Underwriters that it will, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$26,358,800 and HK\$10,475,736 respectively to which it is entitled under the Clawback Offer

## DEFINITIONS

“Share Options”	the outstanding options granted by the Company to subscribe for an aggregate of 563,500,000 Shares pursuant to the Share Option Scheme, of which each holder has given an irrevocable undertaking in favour of the Offerors and the Underwriters not to exercise on or before the Record Date
“Share Option Scheme”	the share option scheme adopted by the Company on 1 November 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Sub-underwriters”	the fourteen sub-underwriters who have agreed to take up in aggregate a maximum of Offer Bonds in the principal amount of HK\$240,500,000 pursuant to the sub-underwriting arrangements entered into with Kingston
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	Honour Sky and Kingston
“Underwriting Agreement”	the underwriting agreement dated 5 October 2015 and entered into between the Offerors and the Underwriters in respect of the Clawback Offer (as supplemented by the supplemental underwriting agreement dated 5 November 2015)
“Underwritten Bonds”	Offer Bonds in the principal amount of HK\$339,387,898.966
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

## THE CLAWBACK OFFER BY THE OFFERORS

### CLAWBACK OFFER BY CHINA TECHNOLOGY EDUCATION TRUST ASSOCIATION, HONOUR SKY INTERNATIONAL LIMITED, METROPOWER HOLDINGS LIMITED AND WONG CHAK KEUNG

#### INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Second Deed of Amendment and the Clawback Offer.

Conditional upon and subject to completion of the Second Deed of Amendment, in order to provide the Qualifying Shareholders the opportunity to further participate in and share the growth of the Company, the Offerors will offer initially not more than Offer Bonds in the principal amount of HK\$498,390,142.968 to the Qualifying Shareholders on a pro rata basis of Offer Bonds in the principal amount of HK\$0.074 for every one Share held as at the close of business on the Record Date at its face value of HK\$0.074.

On the second business day immediately prior to the Settlement Date, the Bondholders shall transfer the Offer Bonds to the relevant purchasers in accordance with the terms of the Prospectus Documents. On the business day next prior to the Settlement Date, the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares. The Company shall allot and issue the Conversion Shares to such purchasers on the Settlement Date.

The purpose of this prospectus is to provide you with, among other things, further details of the Clawback Offer.

#### THE CLAWBACK OFFER

##### Offer statistics

Basis of the Clawback Offer:	Offer Bonds in the principal amount of HK\$0.074 (or two Offer Conversion Shares upon the conversion of such Offer Bonds) for every one Share held on the Record Date
Number of Shares in issue as at the Latest Practicable Date:	6,735,001,932 Shares
Number of outstanding Share Options as at the Latest Practicable Date:	563,500,000 Share Options entitling the holders thereof to subscribe for 563,500,000 Shares under the Share Option Scheme. Each of the holders of the Share Options has undertaken to the Company and the Underwriters not to exercise the Share Options prior to the Record Date.

## THE CLAWBACK OFFER BY THE OFFERORS

Principal amount of Outstanding Convertible Bonds:	Convertible Bonds in the aggregate principal amount of HK\$505,596,736. Upon the exercise of the conversion rights attached to the Convertible Bonds 13,664,776,647 Shares shall be allotted and issued. Each of the holders of the Convertible Bonds has undertaken to the Company and the Underwriters not to exercise the conversion rights attached to the Convertible Bonds prior to the Record Date.
Principal amount of Offer Bonds undertaken to be taken by Honour Sky, Ocean Space and Morgan Strategic:	Pursuant to the Underwriting Agreement, (i) Honour Sky has given an irrevocable undertaking in favour of Kingston that Honour Sky will, among other matters, accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$122,167,708.002; and (ii) each of Ocean Space and Morgan Strategic has given an irrevocable undertaking in favour of the Underwriters that each of Ocean Space and Morgan Strategic will, among other matters, accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$10,475,736 and HK\$26,358,800 respectively.
Principal amount of Offer Bonds underwritten by the Underwriters:	Offer Bonds in the principal amount of HK\$339,387,898.966, being the principal amount of the Offer Bonds less the principal amount of the Offer Bonds to be taken up by Honour Sky, Ocean Space and Morgan Strategic pursuant to the undertakings.
Offer Price:	HK\$0.074 for every Offer Bonds in the principal amount of HK\$0.074
Conversion Price:	HK\$0.037 per Conversion Share

The Clawback Offer is fully underwritten. The Underwriters have agreed to underwrite Offer Bonds in the principal amount of HK\$339,387,898.966 and Kingston has made sub-underwriting arrangements with the Sub-underwriters such that none of the Underwriters and the Sub-underwriters will be interested in 30% or more of the issued share capital of the Company as enlarged by the Conversion Shares.

To the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date:

- (i) other than Honour Sky, being one of the Underwriters, Kingston, each of the Sub-Underwriters and their beneficial owner(s) in the case of corporate sub-underwriter are Independent Third Parties;
- (ii) Kingston does not have any shareholding or interests in the Company. Save for the underwriting arrangements under the Underwriting Agreement, neither Kingston nor its associates holds or intends to acquire any of the Convertible Bonds;

## THE CLAWBACK OFFER BY THE OFFERORS

- (iii) pursuant to the sub-underwriting arrangements, the Sub-underwriters have agreed to take up in aggregate a maximum of Offer Bonds in the principal amount of HK\$240,500,000. Save for the sub-underwriting arrangements under the sub-underwriting agreements, none of the Sub-underwriters or their respective associates holds or intends to acquire any of the Convertible Bonds. Among the fourteen Sub-underwriters procured by Kingston, thirteen out of the aforesaid fourteen are an individual and the remaining one is a corporate; and
- (iv) save as disclosed above, there are no other agreements, arrangements, understanding or undertakings (whether formal or informal and whether express or implied) between any of the Sub-underwriters and Kingston or among the Sub-underwriters.

As at the Latest Practicable Date, save for the Share Options and the Convertible Bonds, there were no other convertible or exchangeable securities of the Company outstanding.

### **Offer Price**

The Offer Price of HK\$0.074 for every Offer Bonds in the principal amount of HK\$0.074 is payable in full upon application for the Offer Bonds under the Clawback Offer.

The Offer Price has been determined based on arm's length negotiations between the Offerors and the Underwriters with reference to the face value of the Offer Bonds. The Clawback Offer allows all Shareholders the opportunity to participate in the growth of the Company and will broaden shareholders' base of the Company without diluting the respective shareholdings of the Shareholders.

### **Qualifying Shareholders**

The Clawback Offer is only available to the Qualifying Shareholders. The Offerors will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Clawback Offer, a Shareholder must be registered on the Record Date as a member of the Company and not be a Prohibited Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge the relevant transfers documents (with the relevant share certificates) with the Registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 26 November 2015.

### **Book close period**

The register of members of the Company will be closed from Friday, 27 November 2015 to Tuesday, 1 December 2015, both dates inclusive, for the purpose of establishing entitlements to the Clawback Offer. No transfer of the Shares will be registered during this period.



## THE CLAWBACK OFFER BY THE OFFERORS

### **Rights of Prohibited Shareholders (if any)**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. No entitlements of the Prohibited Shareholders to the Offer Bonds will be issued to the Prohibited Shareholders. The Offer Bonds representing such entitlements of the Prohibited Shareholders will be aggregated and underwritten by the Underwriters. Based on the register of members of the Company as at the Latest Practicable Date and the Record Date, there were a total of 4 Overseas Shareholder(s) with registered addresses in the PRC (the “**Concerned Country**”). Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Offerors has made enquiry regarding the legality and feasibility of extending the Clawback Offer to such Overseas Shareholders. Based on the legal opinions from legal advisers in the Concerned Country, there is no restriction to extend the Clawback Offer to such Overseas Shareholders and there are no Prohibited Shareholders for the Clawback Offer. Accordingly, the Clawback Offer will be extended to such Overseas Shareholders and the Prospectus Documents will be sent to such Overseas Shareholders. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company’s register of members as at the Latest Practicable Date and the Record Date have Hong Kong registered addresses.

### **No application for excess Offer Bonds**

There is no arrangement for application of Offer Bonds by the Qualifying Shareholders in excess of their entitlements. Any Offer Bonds not taken up by the Qualifying Shareholders and the Offer Bonds to which the Prohibited Shareholders would otherwise have been entitled to under the Clawback Offer will be taken up by the Underwriters or purchasers procured by the Underwriters.

The Offerors are of the view that the Clawback Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group.

### **Status of the Offer Conversion Shares**

The Offer Conversion Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Conversion Shares. Holders of the Offer Conversion Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Conversion Shares.

### **Stamp duty**

The transfer of the Offer Bonds pursuant to the Clawback Offer shall be subject to seller’s ad valorem stamp duty and buyer’s ad valorem stamp duty at a rate of 0.1%, respectively.

Buyer’s ad valorem stamp duty shall be at a rate of 0.1% of the market value of Shares or the consideration payable by the Qualifying Shareholders who accept the Offer Bonds, whichever is higher. The Qualifying Shareholders will, upon acceptance of the Offer Bonds pay the Offer Price together with the buyer’s ad valorem stamp duty calculated based on the principal amount of the Offer Bonds applied for multiply by 0.1%. In the event that the actual

## **THE CLAWBACK OFFER BY THE OFFERORS**

buyer's ad valorem stamp duty assessed by the Inland Revenue Department is higher than the amount of buyer's ad valorem stamp duty paid by the Qualifying Shareholders, the Offerors will bear the difference in the payment of the buyer's ad valorem stamp duty. If the actual buyer's ad valorem stamp duty assessed by the Inland Revenue Department is lower than the amount of buyer's ad valorem stamp duty paid by the Qualifying Shareholders, such excess amount will be retained for the benefit of the Offerors and no refund will be made to the Qualifying Shareholders.

The Offerors will arrange for payment of the buyer's ad valorem stamp duty on behalf of the accepting Qualifying Shareholders and will pay the seller's ad valorem stamp duty in connection with the transfer of the Offer Bonds under the Clawback Offer.

Dealings in Offer Conversion Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

### **Offering arrangements**

Given the Clawback Offer involves the offer of the Offer Bonds to the Qualifying Shareholders on a pro rata basis to enable the Qualifying Shareholders to further participate in and share the growth of the Company, this Prospectus is issued by the Company and the Offerors jointly. The Company will provide administrative assistance that would be necessary and expedient for implementing the Clawback Offer, e.g. the closure of the register of members in order to determine the entitlements of the Qualifying Shareholders, and the despatch of the Prospectus and the application forms through the Registrar. The costs and expenses arising from the implementation of the Clawback Offer will be borne by the Offerors. The Offerors will be primarily responsible for the preparation of the Prospectus and other documentations in relation to the Clawback Offer and the Company will provide reasonable assistance to the Offerors to ensure the accuracy and sufficiency of information contained in this Prospectus and other documentations in relation to the Clawback Offer.

### **Share certificates and refund cheques**

No certificates for the Offer Bonds shall be posted to those entitled thereto.

Subject to the fulfillment of the conditions of the Clawback Offer, share certificates for all Offer Conversion Shares are expected to be posted to those entitled thereto by ordinary mail at their own risk on Wednesday, 30 December 2015.

If the Clawback Offer is terminated, refund cheques are expected to be despatched on or before Wednesday, 30 December 2015 by ordinary post at the respective Shareholders' own risk.

### **Application for Listing**

The Listing Committee of the Stock Exchange has granted the approval for the listing of, and permission to deal in, the Offer Conversion Shares. The trading board lot size of the Offer Conversion Shares is 40,000 Shares.

## THE CLAWBACK OFFER BY THE OFFERORS

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. The Offer Conversion Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Conversion Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any settlement 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.

All necessary arrangements will be made to enable the Offer Conversion Shares to be admitted into CCASS.

### MAJOR TERMS OF THE OUTSTANDING CONVERTIBLE BONDS

Apart from the change of terms of the Convertible Bonds in the Second Deed of Amendment as disclosed in the Circular, all terms of the Convertible Bonds remain unchanged, which are summarised below:

Outstanding principal amount:	HK\$505,596,736
Interest:	The Convertible Bonds carry no interest.
Maturity Date:	30 December 2015
Conversion:	Provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation on the part of the Bondholder(s) which exercised the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds (if applicable, including any Shares acquired by the parties acting in concert with the Bondholders) represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder(s) may convert in whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the Maturity Date.

## THE CLAWBACK OFFER BY THE OFFERORS

- Conversion price: The Conversion Price at HK\$0.037 per Conversion Share subject to adjustments further set out below. The Conversion Price:
- (i) represents a discount of approximately 54.88% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day;
  - (ii) represents a discount of approximately 53.16% to the average of the closing prices of Shares for five consecutive trading days up to and including the Last Trading Day of HK\$0.079;
  - (iii) represents a premium of approximately 94.74% over the unaudited consolidated net assets value per Share of approximately HK\$0.019 as at 30 June 2015; and
  - (iv) represents a discount of approximately 43.94% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
- Automatic conversion: Any principal amount of the Convertible Bonds which remains outstanding on the business day next prior to the Settlement Date shall be converted into Shares.
- Adjustments: The adjustments for Conversion Price include the following:
- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
  - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
  - (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries the payment or making of any capital distribution to the Shareholders;
  - (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);

## THE CLAWBACK OFFER BY THE OFFERORS

- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities; and
- (vi) as issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue.

The Company will issue an announcement when there is any adjustment to the Conversion Price and the adjustment will be certified by the Company's auditor or by the merchant bank.

- Ranking: The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all existing Shares in issue at the date of the allotment and issue of the Conversion Shares.
- Status: The Convertible Bond constitute a direct, general, unconditional and unsecured obligation of the Company and rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
- Transferability: The Bondholder(s) may only assign or transfer the Convertible Bonds to the transferee subject to the prior consent of the Company.
- Voting: The Convertible Bonds does not confer any voting rights at any meetings of the Company.
- Listing: No application will be made by the Company for the listing of the Convertible Bonds. The listing of, and permission to deal in, the Conversion Shares has been granted by the Listing Committee to the Company.

## THE CLAWBACK OFFER BY THE OFFERORS

### Information on the Outstanding Convertible Bonds

Information on the Outstanding Convertible Bonds, including (i) the principal amount of the Convertible Bonds held by each Bondholder; (ii) principal amount of the Convertible Bonds converted on 9 July 2010 at the Conversion Price of HK\$0.037 per Conversion Share; (iii) remaining balance of the Outstanding Convertible Bonds; and (iv) number of Shares convertible upon full conversion of the Outstanding Convertible Bonds based on the Conversion Price:

Bondholders	Notes	Outstanding principal amount of Convertible Bonds (HK\$)	Number of Conversion Shares to be issued upon full conversion of the Outstanding Convertible Bonds	Number of Conversion Shares subject to the Clawback Offer
<i>Mr. Xiang and parties acting in concert with him</i>				
China Technology	1	307,522,000	8,311,405,405	8,311,405,405
Honour Sky	2 & 3	177,683,278	4,802,250,756	4,607,477,973
Metropower	4	16,792,948	453,863,459	453,863,459
Mr. Wong	5	<u>3,598,510</u>	<u>97,257,027</u>	<u>97,257,027</u>
<b>Total</b>		<u>505,596,736</u>	<u>13,664,776,647</u>	<u>13,470,003,864</u>

*Notes:*

- China Technology, a society registered under the provisions of section 5A(1) of the Societies Ordinance in 2005, which is a charitable society providing charity and financial aid to education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of China Technology.
- Honour Sky is wholly and beneficially owned by Ms. Kung Ching, the spouse of Mr. Xiang. Accordingly, Ms. Kung Ching is interested in the underlying Shares held by Honour Sky. Ms. Kung Ching is an alternate Director of Mr. Xiang. Honour Sky is an investment holding company. On 5 October 2015, Ocean Space and Honour Sky entered into the Bond Transfer Agreement pursuant to which Ocean Space agreed to sell and Honour Sky agreed to purchase Convertible Bonds in the principal amount of HK\$36,077,132 at the consideration of HK\$36,077,132. Completion of the Bond Transfer Agreement has taken place on 8 October 2015. Upon such completion, Honour Sky shall be interested in the Convertible Bonds in the aggregate principal amount of HK\$177,683,278.
- The total number of Conversion Shares to be allotted and issued upon full conversion of the Outstanding Convertible Bonds is 13,664,776,647 Shares and the total number of Conversion Shares to be issued upon the conversion of the Offer Bonds is 13,470,003,864 Shares. As all of the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares on the business day next prior to the Settlement Date, upon the completion of the transfer under the Clawback Offer and the automatic conversion of the Outstanding Convertible Bonds, Honour Sky shall be allotted and issued with 194,772,783 Conversion Shares and 4,607,477,973 Conversion Shares shall be allotted and issued to the relevant purchasers in accordance with the terms of the Prospectus Documents.

## THE CLAWBACK OFFER BY THE OFFERORS

4. Metropower is beneficially owned by Mr. Wang Yan Li. Accordingly, Mr. Wang Yan Li is interested in the Shares and the underlying Shares held by Metropower. Metropower is an investment holding company.
5. Such information was based on a letter received from Mr. Wong who informed the Company on 19 April 2013 that he has sold his 14,120,000 Shares converted from the Convertible Bonds in August 2011 and he still holds the Outstanding Convertible Bonds in the principal amount of HK\$3,598,510.
6. Mr. Xiang and parties acting in concert with him could not convert the Outstanding Convertible Bonds if upon conversion Mr. Xiang and parties acting in concert with him will be interested in 30% or more of the issued share capital of the Company pursuant to the conversion restriction under the terms of the Outstanding Convertible Bonds.

### THE UNDERWRITING AGREEMENT

As at the date of the Underwriting Agreement,

- (i) there were 563,500,000 outstanding Share Options and each of the holders of the Share Options has given an irrevocable undertaking in favour of the Offerors and the Underwriters not to exercise any of the Share Options on or before the Record Date;
- (ii) there were Outstanding Convertible Bonds in the principal amount of HK\$505,596,736 and each of the holders of the Convertible Bonds has given an irrevocable undertaking in favour of the Underwriters, among other matters, not to exercise the conversion rights attached to the Convertible Bonds on or before the Record Date;
- (iii) Honour Sky has given an irrevocable undertaking in favour of Kingston to, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$122,167,708.002 to which Honour Sky is entitled under the Clawback Offer; and
- (iv) Each of Morgan Strategic and Ocean Space has given an irrevocable undertaking in favour of the Underwriters to, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$26,358,800 and HK\$10,475,736 respectively to which it is entitled under the Clawback Offer.

### Underwriting Agreement

Date: 5 October 2015 (after trading hours of the Stock Exchange)

Offerors: China Technology;  
Honour Sky;  
Metropower; and  
Mr. Wong

Underwriters: Honour Sky; and  
Kingston

## THE CLAWBACK OFFER BY THE OFFERORS

Principal amount of Underwritten Bonds:	Offer Bonds in the principal amount of HK\$339,387,898.966 as to Offer Bonds in the principal amount of HK\$20,190,304.078 to be underwritten by Honour Sky in the first place and Offer Bonds in the principal amount of HK\$319,197,594.888 to be underwritten by Kingston in the second place
Commission:	3% of the aggregate Offer Price in respect of the Underwritten Bonds in the principal amount of HK\$339,387,898.966 underwritten by the Underwriters, which was determined after arm's length negotiations between the Offerors and the Underwriters.

### Conditions of the Clawback Offer

The Clawback Offer is conditional on:

- (i) completion of the transactions contemplated under the Second Deed of Amendment;
- (ii) the delivery to the Stock Exchange, filing and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Clawback Offer on or before the Prospectus Posting Date;
- (iv) the Underwriting Agreement is not being terminated by Kingston (on behalf of the Underwriters) pursuant to the terms hereof at or before the Latest Time for Termination;
- (v) compliance with and performance of all the undertakings and obligations of the Offerors under the Underwriting Agreement and the representations and warranties given by the Offerors under the Underwriting Agreement remaining true, correct and not misleading in all material respects;
- (vi) compliance with and performance of all undertakings and obligations of holders of the Share Options under the Optionholders Undertakings;
- (vii) compliance with and performance of the undertaking of the Offerors under the Offerors Undertaking;
- (viii) compliance with and performance of the undertaking of Honour Sky under the Honour Sky Undertaking; and



## THE CLAWBACK OFFER BY THE OFFERORS

- (ix) compliance with and performance of all undertakings and obligations of each of Morgan Strategic and Ocean Space under the Shareholders Undertakings.

As at the Latest Practicable Date, condition (i) has been fulfilled.

The above conditions (ii), (iii) and (vi) are expected to be fulfilled on the Prospectus Posting Date.

The conditions as set out above (other than condition (v) which can only be waived by Kingston (on behalf of the Underwriters)) are incapable of being waived. If the conditions above are not satisfied and/or waived (in respect of condition (v) only) by Kingston (on behalf of the Underwriters) by the Latest Time for Termination, or such other time or date as Kingston (on behalf of the Underwriters) may agree with the Offerors in writing, the Underwriting Agreement shall terminate and (save in respect of certain provisions in the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, Kingston has entered into sub-underwriting arrangements with each of the Sub-underwriters under the sub-underwriting agreements pursuant to which the Sub-underwriters have agreed to take up in aggregate a maximum of Offer Bonds in the principal amount of HK\$240,500,000. Each of the Sub-underwriters and their beneficial owner(s) in the case of corporate sub-underwriter are independent third party(ies) not connected or acting in concert (having the meaning under the Takeovers Code) with any directors, chief executive, management shareholders or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates such that none of the Underwriters and the Sub-underwriters shall have a mandatory offer obligation under Rule 26 of the Takeovers Code.

### **Irrevocable undertakings**

#### *Optionholders Undertakings*

As at the date of the Underwriting Agreement, there were 18 holders holding an aggregate of 563,500,000 Share Options. Under the terms of the Underwriting Agreement, each of the holders of the Share Options has given an irrevocable undertaking in favour of the Underwriters not to exercise the Share Options held by him/it from the date of the Underwriting Agreement to the close of business on the Record Date.

#### *Offerors Undertaking*

As at the date of the Underwriting Agreement, each of China Technology, Honour Sky, Metropower and Mr. Wong is interested in Convertible Bonds in the principal amount of HK\$307,522,000, HK\$141,606,146, HK\$16,792,948 and HK\$3,598,510 respectively. On 5 October 2015, Ocean Space and Honour Sky entered into the Bond Transfer Agreement pursuant to which Ocean Space agreed to sell and Honour Sky agreed to purchase Convertible Bonds in the principal amount of HK\$36,077,132 at the consideration of HK\$36,077,132. Completion of the Bond Transfer Agreement has taken place on 8 October 2015. Upon such

## THE CLAWBACK OFFER BY THE OFFERORS

completion, Honour Sky was interested in the Convertible Bonds in the aggregate principal amount of HK\$177,683,278. Each of the Offerors has irrevocably undertaken to the Underwriters:

- (i) not to dispose of, or agree to dispose of, any Convertible Bonds held by each of them; and
- (ii) not to exercise the conversion rights attached to the Convertible Bonds held by each of them,

from the date of the Underwriting Agreement to the close of business on the Record Date.

### *Honour Sky Undertaking*

Honour Sky has irrevocably undertaken to Kingston that:

- (i) the 1,650,914,973 Shares registered in the name of and beneficially owned by Honour Sky will remain registered in the name of and beneficially owned by Honour Sky before the date when the announcement of the results of the Clawback Offer is published;
- (ii) Honour Sky will accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$122,167,708.002; and
- (iii) Honour Sky will lodge the Application Form in respect of the Offer Bonds accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

### *Shareholders Undertakings*

Each of Morgan Strategic and Ocean Space has irrevocably undertaken to the Underwriters that:

- (i) the 356,200,000 Shares and 141,564,000 Shares registered in the name of and beneficially owned by Morgan Strategic and Ocean Space respectively will remain registered in the name of and beneficially owned by it before the date when the announcement of the results of the Clawback Offer is published;
- (ii) each of Morgan Strategic and Ocean Space will accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$26,358,800 and HK\$10,475,736 respectively; and
- (iii) each of Morgan Strategic and Ocean Space will lodge the Application Form in respect of the Offer Bonds accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

## THE CLAWBACK OFFER BY THE OFFERORS

### **Automatic conversion of the Convertible Bonds**

Subject to the fulfilment of the conditions of the Clawback Offer, on the business day next prior to the Settlement Date, the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares. The Company shall allot and issue the Conversion Shares to such purchasers on the Settlement Date.

### **Rescission or termination of the Underwriting Agreement**

If prior to the Latest Time for Termination:

- (i) in the absolute opinion of Kingston (on behalf of the Underwriters), the success of the Clawback Offer would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Clawback Offer; or
  - (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 before, and/or after the date of the Underwriting Agreement, of a political, military, financial, economic, industrial, fiscal, currency or market condition or equity securities or stock or other financial market conditions or any monetary or trading settlement system or conditions of other nature (whether or not ejusdem generis with any of the foregoing); or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, which may, in the opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Clawback Offer or otherwise makes it inexpedient or inadvisable to proceed with the Clawback Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Clawback Offer or otherwise makes it inexpedient or inadvisable to proceed with the Clawback Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

## THE CLAWBACK OFFER BY THE OFFERORS

- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of Kingston (on behalf of the Underwriters), a material omission in the context of the Clawback Offer; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Clawback Offer; or
- (viii) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to the Offerors, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of any of the Underwriters.

Any such notice shall be served by Kingston (on behalf of the Underwriters) prior to the Latest Time for Termination.

**If Kingston (on behalf of the Underwriters) rescinds or terminates the Underwriting Agreement in accordance with the terms thereof, the Clawback Offer will not proceed.**

## **THE CLAWBACK OFFER BY THE OFFERORS**

### **WARNING OF THE RISKS OF DEALING IN THE SHARES**

The Clawback Offer is subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed “Conditions of the Clawback Offer” above. In particular, it is subject to the Underwriting Agreement not being rescinded or terminated in accordance with its terms. Accordingly, the Clawback Offer may or may not proceed and the Shareholders and the public are reminded to exercise with caution when dealing in the Shares.

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Clawback Offer are fulfilled will accordingly bear the risk that the Clawback Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.

### **PROCEDURES FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER BONDS**

Qualifying Shareholders will find enclosed with this Prospectus, an Application Form which entitles them to subscribe for the principal amount of Offer Bonds shown therein. Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Company will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Investors who are in doubt as to the application procedures for acceptance of and/or payment for the Offer Bonds should consult the Registrar. If a Qualifying Shareholder wishes to exercise his/her/its rights to accept all the Offer Bonds as specified in the Application Form, the Qualifying Shareholder must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on Thursday, 17 December 2015. All remittances must be made by cheques or cashier’s orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “KSLHK — CHINA TRENDS” and crossed “Account Payee Only”.

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Registrar, by 4:00 p.m. on Thursday, 17 December 2015, by the original purchaser, all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier’s orders accompanying duly completed Application Forms will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Offerors. Completion and return of an Application Form with a cheque and/or a cashier’s order, will constitute a warranty by the relevant Qualifying Shareholder that the cheque and/or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Offerors in respect thereof, the Offerors reserves the right to reject any Application Form in respect of which the accompanying cheque and/or cashier’s order is dishonoured on first presentation, and, in such event, all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

## THE CLAWBACK OFFER BY THE OFFERORS

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any monies received under the Clawback Offer. If the conditions of the Clawback Offer are not fulfilled before 4:00 p.m. on Wednesday, 23 December 2015, the monies received in respect of acceptance of the Offer Bonds will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter on or before Wednesday, 30 December 2015.

### SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company immediately before and upon completion of the Clawback Offer:

Shareholders	As at the Latest Practicable Date			Immediately after the completion of the Clawback Offer assuming that all Qualifying Shareholders have taken up their entitlement in full and automatic conversion of the Outstanding Convertible Bonds in full		Immediately after completion of the Clawback Offer assuming that none of the Qualifying Shareholder has taken up their entitlements and automatic conversion of the Outstanding Convertible Bonds in full	
	Notes	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
			%		%		%
<i>Mr. Xiang and parties acting in concert with him</i>							
Honour Sky	1 & 2	1,650,914,973	24.51	5,147,517,702	25.23	5,693,201,596	27.91
Ocean Space	3	<u>141,564,000</u>	<u>2.10</u>	<u>424,692,000</u>	<u>2.08</u>	<u>424,692,000</u>	<u>2.08</u>
<b>Subtotal</b>		1,792,478,973	26.61	5,572,209,702	27.31	6,117,893,596	29.99
Kingston	4 & 5	—	—	—	—	2,126,962,024	10.43
<i>Public Shareholders</i>	6						
Morgan Strategic		356,200,000	5.29	1,068,600,000	5.24	1,068,600,000	5.24
Sub-underwriters	7	98,272,000	1.46	294,816,000	1.45	6,598,272,000	32.34
Other public shareholders		<u>4,488,050,959</u>	<u>66.64</u>	<u>13,464,152,877</u>	<u>66.00</u>	<u>4,488,050,959</u>	<u>22.00</u>
<b>Total</b>		<u><u>6,735,001,932</u></u>	<u><u>100.00</u></u>	<u><u>20,399,778,579</u></u>	<u><u>100.00</u></u>	<u><u>20,399,778,579</u></u>	<u><u>100.00</u></u>

*Notes:*

- Honour Sky is wholly and beneficially owned by Ms. Kung Ching, the spouse of Mr. Xiang. Accordingly, Ms. Kung Ching is interested in the Shares held by Honour Sky. Ms. Kung Ching is an alternate Director of Mr. Xiang.
- Upon completion of the transfer under the Clawback Offer and the automatic conversion of the Outstanding Convertible Bonds, Honour Sky shall be allotted and issued with 194,772,783 Conversion Shares and 4,607,477,973 Conversion Shares shall allotted and issued to the relevant purchasers in accordance with the terms of the Prospectus Documents.

## THE CLAWBACK OFFER BY THE OFFERORS

3. Ocean Space is wholly and beneficially owned by Mr. Zhang Shao Cai. Accordingly, Mr. Zhang Shao Cai is interested in the Shares and the underlying Shares held by Ocean Space. Ocean Space is an investment holding company.
4. Kingston has entered into sub-underwriting agreements with each of the Sub-underwriters and such sub-underwriting arrangements have been confirmed such that (i) Kingston shall not purchase, for its own account, for such principal amount of untaken Offer Bonds which upon conversion will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.99% of the voting rights of the Company upon the completion of the Clawback Offer; and (ii) Kingston shall use its best endeavours to ensure that each of the purchasers of the untaken Offer Bonds procured by it (1) shall be Independent Third Party; and (2) save for Kingston itself and its associates, shall not, hold 10.0% or more of voting rights of the Company upon completion of the Clawback Offer.
5. Based on the present shareholding of the Company as set out above, the sub-underwriting arrangements as mentioned in note 4 above and to the best information of the Company, the Company is not aware of any Shareholder who would, as a result of taking up the Offer Bonds to which he/she/it is entitled under the Clawback Offer, incur an obligation to make a general offer under the Takeovers Code.
6. As set out in the table above, the public float will not fall below 25% throughout the Clawback Offer exercise or upon conversion of the Convertible Bonds.
7. If upon completion of the Clawback Offer, none of the Qualifying Shareholders has taken up their entitlements, the shareholding interests in the Company of each of the Sub-underwriters would be 800,000,000, 800,000,000, 509,840,000, 502,240,000, 500,000,000, 500,000,000, 500,000,000, 500,000,000, 470,896,000, 400,000,000, 400,000,000, 304,800,000, 300,000,000 and 110,496,000 Shares, representing approximately 3.92%, 3.92%, 2.50%, 2.46%, 2.45%, 2.45%, 2.45%, 2.45%, 2.31%, 1.96%, 1.96%, 1.49%, 1.47% and 0.54% respectively of the total issued share capital of the Company.

### **CORPORATE INFORMATION**

#### **Information on China Technology**

China Technology is a society registered under the provisions of section 5A(1) of the Societies Ordinance, Chapter 151 of the Laws of Hong Kong and a charitable society providing charity and financial aid to education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of China Technology.

#### **Information on Honour Sky**

Honour Sky is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Mr. Xiang is the sole director and Ms. Kung Ching, the spouse of Mr. Xiang, is the ultimate beneficial owner of Honour Sky.

#### **Information on Metropower**

Metropower Holdings Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

### **ADDITIONAL INFORMATION**

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

## **1. RESPONSIBILITY STATEMENT**

The directors of the Company collectively and individually accept full responsibility for this prospectus (in relation to information on the Group only). The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus (in relation to information on the Group only) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus (in relation to information on the Group only) misleading.

The directors of each of China Technology, Honour Sky, Metropower and Mr. Wong collectively and individually accept full responsibility for this prospectus (except for information in relation to the Group). The directors of each of China Technology, Honour Sky, Metropower and Mr. Wong, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus (except for information in relation to the Group) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus (except for information in relation to the Group) misleading.

## **2. LEGAL EFFECT**

This prospectus and the accompanying Application Form, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance of the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies Ordinance, so far as applicable.

## **3. COSTS AND EXPENSES**

The costs and expenses arising from the implementation of the Clawback Offer will be borne by the Offerors.

## **4. PROFESSIONAL TAX ADVICE RECOMMENDED**

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of purchasing, holding, disposing of or dealing in the Offer Bonds. None of Offerors or any of their respective directors or any other person or party involved in the Clawback Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the purchase, holding, disposing of or dealing in the Offer Bonds.



## 5. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice, which is contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
GFE Law Office	Legal advisor on the PRC law

GFE Law Office has given and has not withdrawn its written consent to the issue of this prospectus and the references to its opinions and name included herein in the form and context in which they respectively appear.

As at the Latest Practicable Date, GFE Law Office was not interested in any Share or share in any member of the Group, nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, GFE Law Office did not have any direct or indirect interests in any assets which have since 31 December 2014 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.

## 6. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration include:

- (a) a copy of the Application Form;
- (b) a statement as to the name, description and address of the Offerors as the vendor of the Offer Bonds; and
- (c) the written consent referred to in the paragraph headed “Qualification and consent of expert” in this prospectus.