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 to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in DeTeam Company Limited ("Company"), you should at once hand this Prospectus and the accompanying Application Form to the purchaser, the transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed "Experts and Consents" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

Subject to the grant of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer 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 Share 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

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.

The Offer Shares have not been registered and will not be registered under the U.S. Securities Act of 1933, as amended, (the "US Securities Act") or the securities laws of any state in the United States and may not be offered or sold except pursuant to an exemption from, or in an transaction not subject to, the registration requirements of the US Securities Act and any applicable state securities laws. There is no intention to register any portion of the Open Offer or any securities described herein in the United States or to conduct a public offering of securities in the United States.

DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE

Underwriter of the Open Offer
Hong Kong Hang Kei Company Limited

Financial Adviser to the Company

中國銀河國際
CHINA GALAXY INTERNATIONAL

Capitalised terms used in this cover page shall have the same meanings as defined in this Prospectus.

The Open Offer is subject to the satisfaction of certain conditions as described in the paragraph headed "Conditions of the Open Offer". In particular, it is subject to, among other things, the Underwriting Agreement having become unconditional and not having been terminated (see the paragraph headed "Termination of the Underwriting Agreement" below). Accordingly, the Open Offer may or may not proceed.

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Monday, 24 November 2014. The procedures for application and payment for the Offer Shares are set out on pages 25 and 26 of this Prospectus.

* *For identification purposes only*

10 November 2014

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The expected timetable for the Open Offer set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	**2014 (Hong Kong time)**
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus only)	10 November, Monday
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m., 24 November, Monday
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m., 24 November, Monday
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m., 24 November, Monday
Last day of operation of odd lot trading facility	4:00 p.m., 24 November, Monday
Last day for free exchange of existing share certificates for new share certificates for Consolidated Shares	4:30 p.m., 26 November. Wednesday
Latest time for the termination of the Underwriting Agreement by the Underwriter and the Open Offer becomes unconditional	5:00 p.m., 1 December, Monday
Announcement of results of acceptance of the Open Offer and completion of the Open Offer	3 December, Wednesday
Despatch of certificates for Offer Shares	4 December, Thursday
Commencement of dealings in Offer Shares	9:00 a.m., 5 December, Friday

Note: All references to time in this Prospectus are references to Hong Kong time.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

The latest time for acceptance of and payment for the Offer Shares will not take place 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 the date of Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Offer Shares 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 the date of Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Offer Shares 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 of and payment for the Offer Shares does not take place on the date of Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

In this Prospectus, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"Announcement"	the announcement of the Company dated 8 August 2014 in relation to, among other things, the proposed Open Offer, the Share Consolidation and the Whitewash Waiver
"Application Form(s)"	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the form agreed by the Company and the Underwriter
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	board of the Directors
"Business Day"	a day (other than a Saturday, a Sunday or a public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 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
"Circular"	the circular of the Company dated 30 September 2014 in relation to, among other things, the proposed Open Offer, the Share Consolidation and the Whitewash Waiver
"Company"	DeTeam Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Open Offer and the Share Consolidation
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
"Consolidated Share(s)"	ordinary share(s) of HK$0.50 each in the share capital of the Company immediately after the Share Consolidation becoming effective
"Directors"	directors of the Company

"EGM"	the extraordinary general meeting of the Company convened to consider and approve the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Hang Kei" or "Underwriter"	Hong Kong Hang Kei Company Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Xu
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Independent Shareholders"	Shareholders other than Mr. Xu, the Underwriter and parties acting in concert with any of them and those who are involved in or interested in the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver who are required by the Listing Rules and/or the Takeovers Code to abstain from voting in respect of the resolution(s) relating to the Share Consolidation, the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver to approve the resolutions at the EGM
"Independent Third Party(ies)"	party or parties that is or are independent of and not connected with the Company and connected persons of the Company within the meaning of the Listing Rules
"Last Trading Day"	29 July 2014, being the last trading day for the Shares immediately prior to the date of the Announcement
"Latest Practicable Date"	7 November 2014, being the latest practicable date prior to printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
"Latest Time for Acceptance"	4:00 p.m. on 24 November 2014 or such later date and/or time as the Underwriter and the Company may agree as the latest time for acceptance of, and payment for, the Offer Shares as to be set out in the Prospectus

"Latest Time for Termination"	5:00 p.m. on the fifth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed by the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"License Agreement"	the proprietary technology license agreement dated 18 May 2012 and entered into between Mr. Xu as licensor and Beijing Guochuan (as defined in the section headed "Litigation" in Appendix III to this Prospectus) as licensee, pursuant to which Mr. Xu agreed to grant to Beijing Guochuan (as defined in the section headed "Litigation" in Appendix III to this prospectus) and its affiliates, the right to use six coal-upgrading patented technologies in the PRC owned by Mr. Xu for a term of three years, the details of which had been disclosed in the announcement of the Company dated 18 May 2012
"Listing Committee"	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Facility Agreement"	the loan facility agreement dated 8 May 2014 and entered into between Mr. Xu as lender and the Company as borrower in respect of the provision of HK$200,000,000 loan facility with the interest rate of 5% per annum and a term of 3 years, which is available for multiple drawdowns within 6 months from the date of the loan facility agreement (no drawdown had been made by the Company as at the Latest Practicable Date)
"Mr. Xu"	Mr. Xu Bin, an executive Director and the co-chairman of the Company
"Offer Share(s)"	229,238,583 new Consolidated Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Offer Share for every one Consolidated Share held on the Record Date and payable in full on acceptance pursuant to the Open Offer
"Open Offer"	the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised therein
"Overseas Letter"	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer

"Overseas Shareholders"	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
"PRC"	the People's Republic of China which, for the purposes of this Prospectus excludes Taiwan, the Macao Special Administrative Region and Hong Kong
"Pre-consolidated Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company prior to the Share Consolidation having become effective
"Prohibited Shareholder(s)"	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
"Project Management Contract"	The project management contract dated 9 November 2013 entered into between Beijing Guochuan and Xilinhaote City Guochuan Energy Technology Development Co., Ltd (both an indirect wholly-owned subsidiary of the Company), and Dalian Shipbuilding Industry Equipment Manufacturing Company Limited for the construction of the production facilities of the coal upgrading plant in Xilinhaote City, Inner Mongolia, the PRC
"Prospectus"	the prospectus to be issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus and the Application Form in respect of the assured allotment of Offer Shares
"Prospectus Posting Date"	the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to Prohibited Shareholders for information only
"Qualifying Shareholders"	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
"Record Date"	7 November 2014, being the date by reference to which entitlements to the Open Offer will be determined
"Registrar"	the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	Pre-consolidated Share(s) or Consolidated Share(s), as the case may be
"Share Consolidation"	the consolidation of every five (5) Pre-consolidated Shares of HK$0.10 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of HK$0.50 in the issued and unissued share capital of the Company approved at the EGM
"Shareholder(s)"	holder(s) of the Share(s)
"Specified Event"	an 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 hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.500 per Consolidated Share for the Offer Shares
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Underwriting Agreement"	the underwriting agreement dated 29 July 2014 entered into between the Company and the Underwriter in relation to the Open Offer
"Whitewash Waiver"	the whitewash waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Underwriter to make a general offer for all the issued Shares not already owned (or agreed to be acquired) by the Underwriter and parties acting in concert with it which might otherwise arise as a result of the underwriting obligation in accordance with the terms of the Underwriting Agreement
"%"	per cent.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

the English translations of Chinese names or words in this Prospectus, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or 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 reasonable opinion of the Underwriter 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 Open 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 hereof) of a political, military, financial, economic or 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, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(2) 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 reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter 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

(4) 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

(5) 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

(6) 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 Prospectus Documents or other announcements or circulars in connection with the Open Offer, or

(7) any matter which, had it arisen or been discovered immediately before the date of this Prospectus and not having been disclosed in this Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or

(8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be at its sole and absolute discretion entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

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

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement 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.

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information to the Shareholders with regard to the Group and the Open Offer.

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 misleading.

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

DeTeam Company Limited
弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 65)

Executive Directors:
Mr. Xu Bin
Mr. Mak Shiu Chung, Godfrey
Mr. Zhang Fusheng
Mr. Wang Hon Chen

Independent non-executive Directors:
Mr. Kwok Chi Shing
Mr. Tsang Wai Sum
Mr. Huang Shao Ru

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Suite No.3, 31st Floor
Sino Plaza
255-257 Gloucester Road
Hong Kong

10 November 2014

To the Qualifying Shareholders and, for information only,
the Prohibited Shareholders

Dear Sir or Madam,

OPEN OFFER ON THE BASIS OF
ONE (1) OFFER SHARE FOR EVERY ONE (1) CONSOLIDATED SHARE
HELD ON THE RECORD DATE

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other matters, the Share Consolidation, the Open Offer and the Whitewash Waiver, the announcement of the Company dated 12 September 2014 in relation to further delay in despatch of the Circular and the clarification announcement of the Company dated 16 October 2014.

The purpose of this Prospectus is to provide you with further information in relation to the Open Offer, including information on dealings in and application for the Offer Shares, the financial information and other general information of the Group.

* *For identification purposes only*

PROPOSED OPEN OFFER

The Board proposes to raise approximately HK$114.6 million before expenses, by way of Open Offer of 229,238,583 new Consolidated Shares at the Subscription Price of HK$0.500 per Consolidated Share on the basis of one (1) Offer Share for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance. The aggregate nominal value of the Offer Shares is HK$114.6 million.

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every one (1) Consolidated Share held on the Record Date
Subscription Price:	HK$0.500 per Consolidated Share
Number of Shares in issue as at the Latest Practicable Date:	229,238,583 Consolidated Shares
Number of Offer Shares:	229,238,583 Offer Shares (assuming no new Shares being issued and no Shares being repurchased on or before the Record Date) The aggregate nominal value of the Offer Shares is HK$114.6 million
Number of Offer Shares underwritten by the Underwriter:	229,238,583 Offer Shares, being the total number of the Offer Shares. The Open Offer will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

The 229,238,583 Offer Shares represent approximately (i) 100.00% of the issued share capital of the Company prior to Completion (taking into account the Share Consolidation) and (ii) 50.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Offer Shares upon Completion.

The Company has no outstanding share options, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Monday, 3 November 2014.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

Closure of register of members

The register of members had been closed from 4 November 2014 to 7 November 2014 (both dates inclusive). No transfer of Shares had been registered during the book closure period.

Subscription Price

The Subscription Price is HK$0.500 per Offer Share, payable in full on application. The net Subscription Price per Offer Share (after deducting the relevant expenses) will be approximately HK$0.480. The Subscription Price represents:

(i) a discount of approximately 66.67% to the theoretical closing price of HK$1.500 per Consolidated Share based on the closing price of HK$0.300 per Pre-consolidated Share as quoted on Stock Exchange on the Last Trading Day and adjusted for the effect of Share Consolidation;

(ii) a discount of approximately 50.00% to the theoretical ex-entitlement price of approximately HK$1.00 per Consolidated Share calculated based on the closing price of HK$0.300 per Pre-consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;

(iii) a discount of approximately 65.64% to the average of the closing prices of HK$1.455 per Consolidated Share based on the average closing prices of HK$0.291 per Pre-consolidated Share for the last five consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Share Consolidation;

(iv) a discount of approximately 65.03% to the average of the closing prices of HK$1.430 per Consolidated Share based on the average of the closing prices of HK$0.286 per Pre-consolidated Share for the last ten consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Share Consolidation;

(v) a discount of approximately 75.49% to the audited net asset value per Consolidated Share attributable to equity holders of the Company of approximately HK$2.04 based on the latest audited consolidated net asset value of the Group as at 31 December 2013 and the number of Consolidated Shares in issue as at the Latest Practicable Date;

(vi) a discount of approximately 75.12% to the unaudited net asset value per Consolidated Share attributable to equity holders of the Company of approximately HK$2.01 based on the latest unaudited consolidated net asset value of the Group as at 30 June 2014 and the number of Consolidated Shares in issue as at the Latest Practicable Date; and

(vii) a discount of approximately 29.58% to the closing price of HK$0.71 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares, the financial conditions of the Group, the uncertain market sentiment in the equity market and the absence of excess application arrangement to the Qualifying Shareholders. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding Mr. Xu who was required to abstain from voting on the Board resolutions approving the Open Offer, the Underwriting Agreement, the Share Consolidation and the Whitewash Waiver) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon:

(1) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve the Share Consolidation, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares, the lack of excess application arrangement in the Open Offer and the Whitewash Waiver by no later than the date on which the Prospectus for the Open Offer is despatched;

(2) the Share Consolidation having become effective;

(3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the date on which the Prospectus is despatched;

(4) the posting of the Prospectus Documents to the Qualifying Shareholders of the Company and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders as defined in the Underwriting Agreement, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus is despatched;

(5) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(6) 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 all the Offer Shares by no later than the date on which the Prospectus is despatched;

(7) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and

(8) compliance with and performance of all the undertakings and obligations of the Underwriter under the terms of the Underwriting Agreement.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Company shall use all reasonable endeavours to procure the fulfillment of all the conditions precedent (save for condition (8)) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree 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 listing of the Offer Shares or to give effect to the Open Offer and the arrangements contemplated in the Underwriting Agreement.

As at the Latest Practicable Date, conditions precedent (1), (2) and (5) have been fulfilled.

Status of the Offer Shares

The Offer Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer 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 Shares.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong.

As at the Latest Practicable Date, based on the register of members of the Company, there was one Shareholder whose registered address was in the PRC. Based on the legal advice provided by the PRC legal adviser, the Directors are of the view that it is expedient to extend the Open Offer to all the Overseas Shareholders in the PRC as there are no legal restrictions prohibiting the making of Open Offer in the PRC's jurisdiction and no local legal or regulatory compliance is required to be made in the PRC's jurisdiction. Accordingly, such Overseas Shareholder together with the Shareholders with registered addresses in Hong Kong are the Qualifying Shareholders. The Company will continue to ascertain whether there is any other Overseas Shareholder on the Record Date and will, if applicable, make further enquiries

with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Open Offer to such Overseas Shareholders on the Record Date and make relevant disclosures in the Prospectus. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

The Company will send copies of the Prospectus and if applicable, the Overseas Letter, but not the Application Form, to the Prohibited Shareholders for their information only.

No application for excess Open Offer Shares

There is no arrangement for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements. Taking into account that:

(i) the terms of the Open Offer are structured with an intention to encourage the Qualifying Shareholders, including the minority Shareholders to take up their respective assured entitlement of the Offer Shares as the Subscription Price is set at a discount to the prevailing market price of the Shares to enhance the attractiveness and provides reasonable incentive for the Qualifying Shareholders to participate in the Open Offer;

(ii) the Open Offer are offered equally to all Qualifying Shareholders with an equal opportunity to maintain their pro rata shareholding interests in the Company, the Qualifying Shareholders who choose to accept their respective entitlements under the Open Offer in full can maintain their respective existing shareholding interests in the Company after the Open Offer;

(iii) the related administrative work and costs including printing of application forms, time cost of the Company's employees and charges from the registrar and the receiving bank would be lowered by an estimated amount of over HK$350,000 in the absence of excess applications, the Directors are of the view that not to incur additional administrative costs for the excess application arrangement are in the interests of the Company and the Shareholders are a whole;

(iv) the Underwriter does not charge any commission for the Offer Shares to be taken up by it; and

(v) the absence of the excess application arrangement and the underwriting arrangement under the Open Offer are subject to approval by the Independent Shareholders at the EGM, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders.

Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement. The relevant resolution was approved by the Independent Shareholders by way of poll at the EGM.

Share certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Thursday, 4 December 2014 by ordinary post at their own risk.

Application for listing

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 4,000 Consolidated Shares per board lot.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 Shares on the Stock Exchange or such other date 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares may be settled through CCASS. You should seek advice of your stock broker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the production and sale of plastic woven bags barrels, sale of coal and provision of low-rank coal upgrading services in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2013, the Group has been operating in losses for the past two years. The Group's financial and liquidity position has not been satisfactory with net current liabilities of approximately of HK$26.5 million and HK$27.1 million as at 31 December 2013 and 2012 respectively.

As disclosed in the interim report of the Company for the six months ended 30 June 2014, the Group has been operating in losses for the six months ended 30 June 2014. The Group's financial and liquidity position has not been satisfactory with net current liabilities of approximately HK$20.6 million as at 30 June 2014.

In view of the recent financial performance and positions of the Group, the Board acknowledges that it will be difficult for the Group to obtain debt financing if any, without paying an above market average interest rate. In addition, the Board considers that it is prudent to finance the Group's business growth in the form of equity financing which will not increase the costs and interest burden to the Group. The Board is of the view that the Open Offer will enable the Group to strengthen its capital base, to ease the Group's short term financial stress and to enhance its financial position and maximize the Shareholders' benefits in the long run. In addition, it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted. Furthermore, compared to open offer, rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights, the costs associated with a rights issue include printing costs of allotment letters, excess application forms, any splitting costs for the Shareholders who take up only their rights issues entitlement partially, the fee payable for nil-paid rights trading arrangement, additional printing costs of share certificates for new shareholders who will purchase the nil-paid rights on the market, additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms and liaison with the Registrar. The total additional costs are estimated to be over HK$350,000. The Board considers raising funds by way of the Open Offer is more cost effective and involved lesser administrative work as compared to a right issue.

The Directors (excluding Mr. Xu, who was required to abstain from voting on Board resolution approving the Share Consolidation, the Open Offer, the Underwriting Agreement and the Whitewash Waiver) consider that the Share Consolidation and the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon completion of the Open Offer, the Company will receive gross proceeds of approximately HK$114.6 million. The net proceeds to be raised from the Open Offer, which are estimated to be approximately HK$110.0 million, are intended to be applied as follows:

(i) approximately HK$65.0 million will be utilised for the capital expenditures in the business development of the provision of low-rank coal upgrading services.

(ii) approximately HK$25.0 million will be utilised for the repayment of the Group's outstanding borrowings owing to Shenzhen Liangyun Investment Company Limited# (深圳市良運投資有限公司) since 19 August 2013, an independent third party of the Company, which is a PRC trading company independent to the Company, with the loan amount of HK$28,897,698, due date on 19 August 2015 and the loan interest rate at 5%; and

(iii) approximately HK$20.0 million will be utilised for general working capital of the Group.

For identification purpose only

The expected capital expenditures of HK$65 million comprise: (i) building construction contracts entered into with independent contractors in the total amount of approximately HK$47 million for the construction of the superstructure of the coal upgrading plant in the Xilinhaote City, Inner Mongolia, the PRC and general capital expenditures for the coal upgrading business segment; (ii) raw materials procurement in the amount of approximately HK$11 million; and (iii) the land premium to perfect the title of approximately HK$7 million. This capital commitment of HK$65 million does not relate to the cost of the construction of production facilities under the Project Management Contract which is yet to be effective (as explained in the section headed "Business Review of the Group").

For the outstanding borrowing owing to Shenzhen Liangyun Investment Company Limited, such loan proceeds were utilised in the past development of the coal upgrading plant in Xilinhaote City, Inner Mongolia, the PRC, as the Group was unable to secure any loan facilities from banks or other financial institutions at that time.

As at 30 June 2014, the Group had total borrowings due to independent third parties of approximately HK$99.96 million. Among these creditors to the Group, Shenzhen Liangyun Investment Company Limited had indicated to the Group its unwillingness to extend the repayment date upon due on 19 August 2015, accordingly, the management intends to apply HK$25 million from the proceeds of the Open Offer to repay this loan.

BUSINESS REVIEW OF THE GROUP

As stated in the annual reports of the Company for the financial years ended 31 December 2012 and 2013 respectively, during the financial years 2012 and 2013, Changchun Yicheng Packaging Company Limited ("Changchun Yicheng") continued to be the Group's major source of revenue and profit contributor.

At the end of 2012, the Company was informed by the relevant authorities in Inner Mongolia of the award of a production safety license and a coal production license, with an effective period of 2 years and 14 years, respectively, for our underground coal mine. However, due to sluggish coal price in the second half of 2013, the Group decided to suspend its operation, resulting in minimal contribution to the Group's business income in the second half of 2013. After taking effective measures, our underground coal mine has resumed operation since February 2014 and is expected to maintain a stable production in 2014.

During financial year 2012, the Group entered into the business of provision of low-rank coal upgrading services in the PRC via an indirect wholly owned subsidiary, Beijing Guochuan New Energy Development Co., Ltd ("Beijing Guochuan"). After more than a year of evolvement, Changchun Guochuan Coal Upgrading Plant ("Changchun Guochuan"), a non wholly owned subsidiary of Beijing Guochuan, has been in commercial operation and recorded profit in 2013. Changchun Guochuan has built a solid foundation for the Group's coal upgrading business by accumulating operating data, training talents, improving production process and reducing the overall production cost. After testing various low-rank coals from different coal mines in Inner Mongolia, Changchun Guochuan is able to increase the net calorific value on an as received basis by 60% on average (from an average of 3,000 kcal/kg to 5,000 kcal/kg). With the successful experience in Changchun Guochuan, the Board of Directors decided to develop the coal upgrading business in low-rank coal rich regions, especially in the eastern part of Mongolia.

Currently, the Group is building a coal upgrading structure in Xilinhaote City, Inner Mongolia, the PRC. In November 2013, Beijing Guochuan and Xilinhaote City Guochuan Energy Technology Development Co., Ltd, ("Xilinhaote Guochuan", together with Beijing Guochuan the "Principals"), both indirect wholly-owned subsidiaries of the Company entered into the Project Management Contract for the construction of the production facilities in Xilinhaote City, the PRC with Dalian Shipbuilding Industry Equipment Manufacturing Company Limited ("Dalian Shipbuilding"). The tentative total project costs payable by the Principals is RMB458.85 million (equivalent to approximately HK$587.33 million). The actual project costs payable by the Principals is subject to adjustments including the adjustments for the increase in raw material and component costs and the amounts of the compensation fees, the inducement fees and the management fees. The actual project costs shall not exceed RMB560 million (equivalent to approximately HK$716.80 million).

As stated in the interim results of the Company for the six months ended 30 June 2014, for the six months ended 30 June 2014 (the "Period"):

Manufacture and sale of plastic woven bags and barrel

The turnover was approximately HK$76,020,000, representing a decrease of approximately 34.04% as compared to the same period last year. The decrease was mainly attributable to the decrease of purchase order from one of the Group's top five customers due to its reduction of production capacity to the best knowledge of the management. The gross profit for the Period was decreased by 51.26%, from approximately HK$33,176,000 to approximately HK$16,169,000. Further, increase in raw materials costs and staff costs during the Period also resulted in a drop in gross profit margin to approximately 21.27% for the Period from approximately 28.78% for the same period last year.

Trading and distribution of coal

Due to the effective costs control measures, the Company's underground coal mine has resumed operation since February 2014, As at 30 June 2014, approximately 774,272 tonnes of coal was produced and approximately 437,708 tonnes of coal was sold. The Company expects that the production will continue to be stable in the remaining months and is expected to achieve the annual production capacity of 1,200,000 tonnes coal in 2014.

Provision of low-rank coal upgrading services

The turnover for the Period was approximately HK$3,959,000, representing a decrease of approximately 78.07% as compared to the same period of last year. The decrease was mainly attributable to the decrease of service order from one of the Group's top five customers due to its reduction of production capacity to the best knowledge of the management. The Group recorded the gross loss amounted to approximately HK$1,433,000 as compared to the gross profit of approximately HK$6,642,000 to the same period last year due to the drop in turnover as a result of customer's reduction of production capacity. Both turnover and cost of sales decreased while certain fixed costs such as depreciation, labour costs and factory rental remained the same. As a result, the gross profit margin dropped significantly.

Pursuant to the Project Management Contract, the latest date to fulfill the conditions as set out in this contract is expired. The Company is currently in negotiation (the "Negotiation") with Dalian Shipbuilding to extend certain dates set out in the Project Management Contract including but not limited to (i) the latest date for completion of the registration of the charge/pledge of relevant assets for Dalian Shipbuilding's advances for the construction of production facilities; (ii) the completion date of the Project Management Contract; and (iii) the latest date of fulfillment of the conditions precedent of the Project Management Contract. As at the Latest Practicable Date, there was no agreement reached between the parties in the Project Management Contract, accordingly, the Project Management Contract may or may not proceed. The Company will comply with the requirements of the Listing Rules for any progress or developments of the Project Management Contract.

On 24 March 2014, Beijing Guochuan (北京國傳新能源開發有限公司) as borrower, an indirect wholly-owned subsidiary of the Company which was incorporated in the PRC, entered into a loan agreement with Mr. Xu Bin, as lender, for an unsecured and interest-free loan of RMB20,000,000 (approximately HK$25,400,000) for use by Beijing Guochuan as general working capital. The loan is repayable on 31 October 2015. On 27 March 2014, the loan has been fully received. The loan facility is unsecured and non-interest bearing.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

China is the largest coal producing as well as consuming country in the world. Although its consumption among the types of energies consumed in China has gone down in proportion, it still plays a leading role representing 1/2 of the world's energy consumption. According to estimate made by China Energy Research Society* (中國能源研究會) which is an independent research body established in 1981 by PRC industry practitioners in the China Energy sector, coal is expected to still account for nearly 50% of China's energy consumption by the end of 2050. China Energy Research Society is part of the China Association for Science and Technology* (中國科學技術協會), which is one of the largest national non-governmental organisation of scientific and technological workers in China.

The main stream solution to air pollution is the development of alternative energies, such as solar and wind power. However, considering their high production costs and relatively immature technologies, the Board is of the view that these alternative energies are still too early to massively replace coal energy. On the other hand, with the concerns on current energy consumption mix and national energy safety, the Board believes that Clean Coal Technology (the "CCT") is a practical alternative to curb pollution issues in China, and coal upgrading technology is one of the critical aspects in the CCT. Currently, coal

upgrading technology can be operated in the form of project operation and energy management contracts, applying in the area of coal upgrading & integrated utilization, coal-base clean fuels, highly efficient coal-fired power generation, coal combustion & industrial energy conservation. For the Group's coal upgrading business, the Group has been granted the rights to use relevant coal upgrading technologies through the entering into of the License Agreement, such technologies has been applied by the Group's coal upgrading plant in Changchun under Changchun Guochuan. Considering the increasing awareness of the CCT, the Directors believe that there are good potential for the Group to further develop the coal upgrading business in the low-rank coal rich area, Inner Mongolia, the PRC. Upon the commencement of operations of the coal upgrading plant in Xilinhaote City, Inner Mongolia, the PRC, it is expected that it would contribute significant revenue to the Group. Reference is also made to the section headed "Litigation" under Appendix IV – General Information, where the Group was involved in a litigation (the "Litigation") regarding the Licensed Patents under the License Agreement. The Litigation had been resolved completely as at the Latest Practicable Date, the Directors are of the view that the previous patent infringement proceedings will not have any material effect on the financial or business position of the Group as a whole.

During the second session of the twelfth Chinese People's Political Consultative Conference and National People's Congress held in Beijing in March 2014, there are many representatives discussing how to use coal in highly efficient and clean way. Some of them has pointed out the current technology is mature enough to discharge less pollutant during the combustion process, compared with the current emission standards for thermal power plants. It was also discussed that in order to promote the development of clean coal technology, the relevant government authorities should formulate industry standards, establish national project funds and enhance existing supporting policies. However as at the Latest Practicable Date, no definitive industry standard or supporting policy has been announced by the relevant government authorities according to the best knowledge of the Company. In light of the PRC government's stance of this industry, the Directors are of the view that standardisation of the coal upgrade industry will elevate the general acceptance of upgraded coal products of coal consumers, and future supporting policies may further improve the operating environment of this business segment.

In view of decreasing purchase order from its customer, Changchun Yicheng, as one of the major revenue streams to the Group, will continue to exercise stringent control in the manufacturing process and manpower to save costs. The Board considers the performance of this business segment would not be promising. In the meantime, Changchun Yicheng will continue to seek more business opportunities and the Board will consider necessary and appropriate plans and strategies in order to improve its performance.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	29 July 2014
Underwriter:	Hong Kong Hang Kei Hong Kong Hang Kei is a limited liability company incorporated in the British Virgin Islands which is wholly owned by Mr. Xu, an executive Director and the Co-chairman of the Company. As at the Latest Practicable Date, Hong Kong Hang Kei is still wholly owned by Mr. Xu. As at the date of the Underwriting Agreement and the Latest Practicable Date respectively, Hong Kong Hang Kei does not own or control any Shares of the Company. As at the Latest Practicable Date, Mr. Xu holds 24,365,629 Consolidated Shares as at the Latest Practicable Date, representing approximately 10.63% of the issued share capital of the Company. Save as disclosed above, Mr. Xu does not hold any other Shares of the Company as at the Latest Practicable Date.
Number of Offer Shares underwritten:	Pursuant to the Underwriting Agreement, Hong Kong Hang Kei as the underwriter has conditionally agreed to underwrite the Offer Shares of 229,238,583 which have not been taken up by the Shareholders. Accordingly, the Open Offer is fully underwritten.
Commission:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or 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 reasonable opinion of the Underwriter 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 Open 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 hereof) of a political, military, financial, economic or 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, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) 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 reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter 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

(4) 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

(5) 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

(6) 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 Prospectus Documents or other announcements or circulars in connection with the Open Offer, or

(7) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or

(8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be at its sole and absolute discretion entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

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

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement 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.

The Underwriter has entered into a loan facility in the sum of up to HK$60 million granted by China Galaxy International Finance (Hong Kong) Co., Limited ("CGIF"), and such facility is secured by among others, the 24,365,629 Consolidated Shares currently held by Mr. Xu and the Shares to be acquired through the Open Offer (together the "Share Charge") and a guarantee provided by Mr. Xu. As such, CGIF can choose to enforce the Share Charge and/or the guarantee in case of enforcement in the event of default of such facility, and the rights and benefits pertaining to such enforced Shares will be transferred to CGIF. It is not the intention of the Underwriter that the payment of interest to be accrued on, the repayment of or the security given relating to the such loan facility will depend to any significant extent on the business of the Company. Save as the aforementioned, there was no agreement, arrangement undertaking or understanding that the Share Charge would be transferred, charged or pledged to any other persons. The address of CGIF is at 3501-07, 35/F, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong.

As at the Latest Practicable Date, the Board has received information from Mr. Mak Shiu Chung, Godfrey, Mr. Xu and Mr. Tsang Wai Sum, being Directors of the Company, of their intention not to take up their assured entitlements under the Open Offer. Mr. Xu would instead take up his assured entitlement under the Open Offer through his underwriting obligation pursuant to the Underwriting Agreement. Save as disclosed above, there are no other Directors that hold or control or direct any Shares of the Company as at the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. For details of other conditions of the Open Offer, please refer to the paragraph headed "Conditions of the Open Offer" in the section headed "Letter from the Board" in the Prospectus. Accordingly, the Open 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.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Open Offer is set out below (after taking into account of the Share Consolidation):

	As at the Latest Practicable Date		**Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)**		**Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer)**	
	No. of Consolidated Shares	*Approx. percentage*	*No. of Consolidated Shares*	*Approx. percentage*	*No. of Consolidated Shares*	*Approx. percentage*
Lucky Team International Limited (*Note 1)*	28,930,203	12.62%	57,860,406	12.62%	28,930,203	6.31%
Mr. Xu, the Underwriter and parties acting in concert with any of them	24,365,629	10.63%	48,731,258	10.63%	253,604,212	55.31%
Mr. Tsang Wai Sum *(Note 2)*	95,551	0.04%	191,102	0.04%	95,551	0.02%
Public Shareholders	175,847,200	76.71%	351,694,400	76.71%	175,847,200	38.36%
Total	**229,238,583**	**100.00%**	**458,477,166**	**100.00%**	**458,477,166**	**100.00%**

Note: 1. Lucky Team International Limited is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Mak Shiu Chung, Godfrey, the co-chairman and an executive Director of the Company.

2. Mr. Tsang Wai Sum is an independent non-executive Director of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the Open Offer, the Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months immediately prior to the date of this Prospectus.

PROCEDURE FOR APPLICATION AND PAYMENT FOR THE OFFER SHARE

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Forms respectively addressed to them. If a Qualifying Shareholder wishes to apply for all the Offer Shares offered to it as specified in the Application Form addressed to it or wish to apply for any number less than its entitlement under the Open Offer, it must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares it has applied for with Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Monday, 24 November 2014. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**DeTeam Company Limited – Open Offer Account**" and crossed "**Account Payee Only**". It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 24 November 2014, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall 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 completed Application Form 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 Company. Completion and return of an Application Form with a cheque and/or a banker's cashier order will constitute a warranty by the applicant that the cheque and/or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

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 acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, 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.

All Qualifying Shareholders are recommended to consult their independent professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

FURTHER INFORMATION

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

By Order of the Board
DeTeam Company Limited
Mak Shiu Chung, Godfrey
Co-Chairman

1. FINANCIAL INFORMATION

FINANCIAL SUMMARY FOR THREE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013 AND THE SIX MONTHS ENDED 30 JUNE 2014

Financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013 were disclosed in the annual reports of the Company for the three years ended 31 December 2013 respectively. The annual report of the Company for the year ended 31 December 2011 (pages 24 to 70) is available on the website of the Stock Exchange (http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0424/LTN20120424300.pdf) and the website of the Company (http://202.66.146.82/listco/hk/deteam/annual/2011/ar2011.pdf). The annual report of the Company for the year ended 31 December 2012 (pages 28 to 78) is available on the website of the Stock Exchange (http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0429/LTN20130429598.pdf) and the website of the Company (http://202.66.146.82/listco/hk/deteam/annual/2012/ar2012.pdf). The annual report of the Company for the year ended 31 December 2013 (pages 29 to 80) is available on the website of the Stock Exchange (http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0428/LTN20140428390.pdf) and the website of the Company (http://202.66.146.82/listco/hk/deteam/annual/2013/ar2013.pdf). Financial information of the Group for the six months ended 30 June 2014 were disclosed in the interim report of the Company for the six months ended 30 June 2014 (pages 3 to 13), which is available on both the website of the Stock Exchange (http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0905/LTN20140905660.pdf) and the website of the Company (http://202.66.146.82/listco/hk/deteam/interim/2014/intrep.pdf).

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at 30 September 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following outstanding borrowings:

	Non-current portion *HK$'000*	Current portion *HK$'000*	Total *HK$'000*
Group			
Interest-bearing other borrowings, unsecured *(note a)*	55,946	44,138	100,084
Due to non-controlling interests			
– Advances *(note b)*	–	11,734	11,734
– Loans *(note c)*	1,524	38,100	39,624
	1,524	49,834	51,358
Due to a director			
– Advances *(note d)*	–	2,545	2,545
– Loans *(note e)*	33,400	–	33,400
	33,400	2,545	35,945
	90,870	96,517	187,387

Notes:

a. The other borrowings are unsecured, bears interest at 0%-7% per annum and repayable in 2015 and 2016.

b. The advances from non-controlling interests are unsecured, interest-free and repayable on demand.

c. The loans from non-controlling interests are unsecured, bear interest at 0%-10.2% per annum and repayable in 2015.

d. The advances from a director is unsecured, interest-free and repayable on demand.

e. The loans from a director is unsecured, bear interest at 0%-5% per annum and repayable in 2015 and 2016.

Pledge of assets and restricted bank deposits

As at the close of business on 30 September 2014, the Group had restricted bank deposits of approximately HK$8,000,000. The restricted bank deposits are the deposits kept for the coal mining business, which are required by related coal mining regulation in the PRC.

Debt securities

At the close of business on 30 September 2014, the Group did not have any debt securities.

Contingent liabilities and litigations

At the close of business on 30 September 2014, the Group had litigations, details refer to note 7 of Appendix III.

Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 30 September 2014.

No material changes

Save as disclosed herein, the Directors confirmed that there have not been any material changes in the indebtedness of the Group since 30 September 2014 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstance and after taking into account the net proceeds from the Open Offer and the financial resources presently available to the Group, including internally generated funds and the loan facility from a substantial shareholder of the Company, the Directors are of the opinion that the Group will have sufficient working capital to meet its requirements for the next twelve months from the date of this Prospectus.

4. MATERIAL CHANGE

Save as disclosed in the interim report of the Company for the six months ended 30 June 2014 that the Group had witnessed a deterioration in its operations evidenced by the Group recording an approximately 10% drop in turnover to approximately HK$153,396,000 for the six months ended 30 June 2014 as compared to the corresponding period in 2013 and incurred a net loss attributable to equity holders of the Company and net loss of approximately HK$6,312,000 and HK$8,541,000, respectively, for the six months ended 30 June 2014, as compared to a profit attributable to equity holders of the Company and net loss of approximately HK$5,847,000 and HK$5,157,000, respectively, for the six months ended 30 June 2013, as at the Latest Practicable Date, the Directors confirm that there had been no material change in the financial or trading position and outlook of the Group since 31 December 2013, being the date to which the latest published audited consolidated accounts of the Group were made up to and including the Latest Practicable Date.

10 November 2014

The Directors
DeTeam Company Limited

Dear Sirs

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of DeTeam Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") in connection with the proposed open offer (the "Open Offer") by issuing 229,238,583 ordinary shares (the "Offer Share(s)") at a subscription price of HK$0.50 per Offer Share on the basis of one Offer Share for every consolidated share (the consolidation of every five pre-consolidated shares of HK$0.10 each in the issued and unissued share capital of the Company into one consolidated share of HK$0.50 in the issued and unissued share capital of the Company) (the "Consolidated Share") held by the qualifying shareholders. The Unaudited Pro Forma Financial Information has been prepared by the directors (the "Directors") of the Company for inclusion in a prospectus (the "Prospectus") dated 10 November 2014 issued by the Company in connection with the Open Offer.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Open Offer on unadjusted financial information of the Group as if the Open Offer had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Open Offer would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Open Offer, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Open Offer in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully

Ascenda Cachet CPA Limited
Certified Public Accountants

Chan Yuk Tong
Practising Certificate Number P03723
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

INTRODUCTION

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of the Group which has been prepared for illustrating the effect on the consolidated net tangible assets of the Group of the proposed open offer (the "Open Offer") by issuing 229,238,583 ordinary shares (the "Offer Share(s)") at a subscription price of HK$0.50 per Offer Share on the basis of one Offer Share for every consolidated share (the consolidation of every five pre-consolidated shares of HK$0.10 each in the issued and unissued share capital of the Company into one consolidated share of HK$0.50 in the issued and unissued share capital of the Company) (the "Consolidated Share") held by the qualifying shareholders as if the Open Offer would have taken place on 30 June 2014. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 30 June 2014 or any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2014 as extracted from the interim report of the Company and adjusted for the effect of the Open Offer, as follows:

	Consolidated net tangible assets of the Group as at 30 June 2014 *HK$'000 (note i)*	**Estimated net proceeds from the Open Offer** *HK$'000 (note ii)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group after the Open Offer** *HK$'000*
	448,133	110,000	558,133
Unaudited consolidated net tangible assets of the Group per Consolidated Share as at 30 June 2014 *(note iii)*			HK$1.95
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Consolidated Share upon completion of the Open Offer as at 30 June 2014 *(note iv)*			HK$1.22

Notes:

(i) The consolidated net tangible assets of the Group as at 30 June 2014 is arrived at by deducting from consolidated net assets of the Group of approximately HK$545,805,000 as at 30 June 2014 and the goodwill, prepaid land lease and intangible assets of approximately HK$2,907,000, HK$2,817,000 and HK$91,948,000, respectively, as at 30 June 2014.

(ii) The estimated net proceeds from the Open Offer are calculated based on 229,238,583 Offer Shares to be issued at the subscription price of HK$0.50 per Offer Share after deduction of the related legal and professional expenses and out-of-pocket expenses of approximately HK$4,619,000, will be approximately HK$110,000,000.

(iii) The calculation of unaudited consolidated net tangible assets of the Group per Consolidated Share as at 30 June 2014 is based on the consolidated net tangible assets of the Group of approximately HK$448,133,000 and the 229,238,583 Consolidated Shares in issue, assuming the Consolidated Share would have been completed on 30 June 2014.

(iv) The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per share as at 30 June 2014 is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group after the Open Offer of approximately HK$558,133,000 and the 458,477,166 Consolidated Shares in issue, assuming the Open Offer would have been completed on 30 June 2014.

(v) No adjustment has been made to reflect the trading results or other transactions of the Group entered into subsequent to 30 June 2014.

1. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was as follows:

Share capital

(a) Share capital as at the Latest Practicable Date

Authorised capital:		*HK$*
2,000,000,000	ordinary Shares of HK$0.50 each	1,000,000,000.00

Issued and fully paid:		
229,238,583	ordinary Shares of HK$0.50 each as at the Latest Practicable Date	114,619,291.50

(b) Share capital upon completion of the Open Offer

Authorised capital:		*HK$*
2,000,000,000	ordinary Shares of HK$0.50 each	1,000,000,000.00

Issued and to be issued:		
229,238,583	Shares in issue as at the Latest Practicable Date	114,619,291.50
229,238,583	Offer Shares to be issued pursuant to the Open Offer	114,619,291.50
458,477,166	Shares upon completion of the Open Offer and Share Consolidation	229,238,583.00

All of the Offer Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares, including the rights to voting, dividends and return of capital. The Offer Shares to be issued will be listed on the Stock Exchange.

All existing issued Shares rank pari passu in all respect as to return of capital, dividends and voting. Saved as disclosed above, no Shares have been issued as at the Latest Practicable Date since 31 December 2013, being the date on which the latest audited financial statements of the Company were made up.

The Company has no outstanding share options, warrants and conversion rights affecting the Shares in the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, there are no particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

(I) Interests in Consolidated Shares of the Company (Note 1)

	Number of Consolidated Shares					
Name	Personal interests	Corporate interests	Family interests	Other interests	Total	Percentage of issued share capital
Mr. Mak Shiu Chung, Godfrey	–	28,930,203(L) *(Note 2)*	–	–	28,930,203(L)	12.62%
Mr. Xu Bin	24,365,629(L)	229,238,583 *(Note 3)*	–	–	253,604,212(L)	110.63%
Mr. Tsang Wai Sum	95,551(L)	–	–	–	95,551(L)	0.04%

Notes:

1. As defined in Section 311 of the SFO, a reference to interests in shares comprised in the relevant share capital of a listed corporation includes a reference to interests in shares so comprised, which are the underlying shares of equity derivatives.

2. These Shares are beneficially owned by Lucky Team International Limited ("Lucky Team"), a company incorporated in the British Virgin Islands. By virtue of his 100% shareholding in Lucky Team, Mr. Mak Shiu Chung, Godfrey is deemed or taken to be interested in the 28,930,203 Consolidated Shares owned by Lucky Team.

3. As the Underwriter is wholly-owned by Mr. Xu, Mr. Xu is deemed to be interested in the 229,238,583 Consolidated Shares in which the Underwriter is interested pursuant to the underwriting obligation under the Underwriting Agreement.

4. The letter "L" denotes a long position in the Shares.

(II) Interests in equity derivatives (as defined in the SFO) in, or in respect of, underlying Shares

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders

Other than interests disclosed in the section headed "Directors and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations" above, as at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO disclosed the following persons or corporations (other than the Directors or chief executive of the Company) as having an interest of 5% or more of the issued share capital of the Company.

Name	Capacity/ Nature of interest	Number of Consolidated Shares	Percentage of issued share capital
Lucky Team International Limited ("Lucky Team") *(Note 1)*	Beneficial Owner	28,930,203(L)	12.62%
The Underwriter	Interest under the Underwriting Agreement	229,238,583(L) *(Note 2)*	100%
China Galaxy International Finance (Hong Kong) Co., Limited	Security Interest *(Note 3)*	253,604,212(L)	110.63%(L)

Name	Capacity/ Nature of interest	Number of Consolidated Shares	Percentage of issued share capital
Central Huijin Investment Ltd.	Corporate Interest *(Note 4)*	253,604,212(L)	110.63%(L)
China Galaxy Financial Holdings Company Limited	Corporate Interest *(Note 4)*	253,604,212(L)	110.63%(L)
China Galaxy International Financial Holdings Ltd.	Corporate Interest *(Note 4)*	253,604,212(L)	110.63%(L)
China Galaxy Securities Co. Ltd	Corporate Interest *(Note 4)*	253,604,212(L)	110.63%(L)

Notes:

1. Lucky Team is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Mak Shiu Chung, Godfrey, the Co-chairman and an executive Director of the Company.

2. It represents the Underwriter's interest in the 229,238,583 Consolidated Shares pursuant to the underwriting obligation under the Underwriting Agreement.

3. It represents the security interest over the 229,238,583 Consolidated Shares which may be taken up by the Underwriter under the Underwriting Agreement and the 24,365,629 Consolidated Shares owned by Mr. Xu created under two share charges in favour of China Galaxy International Finance (Hong Kong) Co., Limited as security for the loan facility provided to the Underwriter to finance part of its underwriting obligation under the Underwriting Agreement.

4. Since China Galaxy International Finance (Hong Kong) Co., Limited is a direct or indirect subsidiary of Central Huijin Investment Ltd., China Galaxy Financial Holdings Company Limited, China Galaxy International Financial Holdings Ltd. and China Galaxy Securities Co. Ltd, Central Huijin Investment Ltd., China Galaxy Financial Holdings Company Limited, China Galaxy International Financial Holdings Ltd. and China Galaxy Securities Co. Ltd are deemed to be interested in the 253,604,212 Consolidated Shares in which China Galaxy International Finance (Hong Kong) Co., Limited has security interest.

5. The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons who have interests and/or short positions in the Shares, underlying shares and debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

Pursuant to the service agreement dated 28 June 2013 (the "**Service Agreement**") and entered into between Mr. Zhang Fusheng and the Company, Mr. Zhang Fusheng was appointed as an executive director, the chief executive officer and an authorised representative of the Company for a term of three years commencing 28 June 2013. Pursuant to the Service Agreement, Mr. Zhang Fusheng is entitled to a director's fee of HK$600,000 per annum. There is no other variable remuneration to be entitled by Mr. Zhang Fusheng.

Save as disclosed above, none of the Directors has service contract with the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contract) have been entered into or amended within 6 months before the date of the Announcement; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save for the Underwriting Agreement, the License Agreement and, the Loan Facility Agreement in which Mr. Xu has material interest, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

7. LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

Reference is made to the announcements (the "**Announcements**") of the Company dated 14 July 2014, 25 July 2014, 15 August 2014, 23 September 2014 and 31 October 2014 respectively in relation to the patent infringement proceedings with 長青中美(北京)能源技術有限公司 (Evergreen China Energy Technology Company Limited[#]) ("**Evergreen**").

As disclosed in the announcement of the Company dated 14 July 2014, on 10 July 2014, the Company received a letter (the "**Letter**") from Beijing Lifang & Partners Law Firm ("**Lifang**"), representing Evergreen. In the Letter, reference was made to the six patent applications (the "**Six Patent Applications**") to the State Intellectual Property Office ("**SIPO**") of the PRC in relation to the technology (the "**Technology**") for upgrading lignite to raise its calorific value which were licensed by Mr. Xu to 北京國傳新能源開發有限公司 (Beijing Guochuan Energy New Energy Development Co., Ltd.#) ("**Beijing Guochuan**"), an indirect wholly-owned subsidiary of the Company, and sub-licensed to 錫林浩特市國傳能源科技開發有限公司 (Xilinhaote City Guochuan Energy Technology Development Co., Ltd#) ("**Xilinhaote Guochuan**"), a wholly-owned subsidiary of Beijing Guochuan, in May 2012 and the proposed engagement of 大連船舶重工集團裝備製造有限公司 (Dalian Shipbuilding Industry Equipment Manufacturing Company Limited#) ("**Dalian Shipbuilding**") by Beijing Guochuan for the proposed construction of production facilities for upgrading lignite. Patents (the "**Licensed Patents**") were granted by the SIPO in respect of five out of the Six Patent Applications.

It was alleged in the Letter that (i) Evergreen is the exclusive licensee for the patented lignite upgrading technology ("**Evergreen's Patented Technology**"); (ii) Mr. Xu had discussed with Evergreen for the implementation of Evergreen's Patented Technology and shortly afterwards, Mr. Xu suddenly filed the Six Patent Applications to SIPO which fell within the scope of protection of the relevant patent of Evergreen; (iii) Mr. Xu plagiarized Evergreen's Patented Technology; and (iv) the engagement for the making of lignite upgrading equipment and lignite upgrading by Beijing Guochuan and Xilinhaote Guochuan constitute infringement.

It was also mentioned in the Letter that Evergreen has engaged Lifang to instigate patent infringement proceedings (the "**Patent Infringement Proceedings**") against Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan at the Third Intermediate People's Court of Beijing (the "**Court**") to request for the cease of the infringement. The case was accepted by the Court in May 2014. Furthermore, Evergreen has also engaged Lifang to file request for invalidation of five Licensed Patents of Mr. Xu with the Patent Reexamination Board of the SIPO and submit written opinion to the SIPO that patent should not be granted for the remaining one patent application. Such remaining patent application (the "**Refused Patent Application**") has been refused by the SIPO due to lack of novelty.

In the Patent Infringement Proceedings, Evergreen petitioned for:

(i) ordering Beijing Guochuan, Xilinhaote Guochuan and Mr. Xu to forthwith cease manufacture and use the lignite upgrading equipment with the invention patent for which Evergreen enjoyed an exclusive license right;

(ii) ordering Beijing Guochuan, Xilinhaote Guochuan and Mr. Xu to compensate for the reasonable expense of RMB100,000 paid by Evergreen to stop the infringement act; and

(iii) ordering Beijing Guochuan, Xilinhaote Guochuan and Mr. Xu to bear the costs of the legal proceedings.

Since the technology under the Refused Patent Application is not part of the core technology currently used by the Group in upgrading lignite, the Directors believe that the impact of the refusal of the grant of patent under the Refused Patent Application on the Group's business operation would not be material. Commerce & Finance Law Offices, the PRC legal advisers of the Group for the legal proceedings, have advised that after their preliminary analysis of the evidence provided by Evergreen, they consider that the evidence provided by Evergreen is not sufficient to prove that (i) Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan made or used the equipment protected by Evergreen's patent; (ii) the equipment and technical solutions actually made or used by Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan fall within the scope of protection of Evergreen's patent; and (iii) there has been infringement on the part of Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan.

As disclosed in the announcement dated 25 July 2014 of the Company, according to the written examination decisions issued by the Patent Reexamination Board of the SIPO on 21 July 2014 in respect of two of the Licensed Patents, the Patent Reexamination Board of the SIPO decided that all the reasons alleged by Evergreen for invalidation of such two Licensed Patents could not be substantiated and the validity of such two Licensed Patents should be upheld based on the amended patent claims submitted by Mr. Xu.

As disclosed in the announcement dated 15 August 2014 of the Company, according to the written examination decisions issued by the Patent Reexamination Board of the SIPO on 1 August 2014 and 6 August 2014 respectively in respect of another two of the Licensed Patents, the Patent Reexamination Board of the SIPO decided that all the reasons alleged by Evergreen for invalidation of such another two Licensed Patents could not be substantiated and the validity of such another two Licensed Patents should be upheld of which one of the Licensed Patents was upheld based on the amended patent claims submitted by Mr. Xu and the other was upheld without any amendment to the patent claims.

As disclosed in the announcement dated 23 September 2014 of the Company, according to the written examination decision issued by the Patent Reexamination Board of the SIPO on 3 September 2014 in respect of the remaining one Licensed Patent, the Patent Reexamination Board of the SIPO decided to uphold the validity of the remaining one Licensed Patent based on the amended patent claims submitted by Mr. Xu.

As disclosed in the announcement dated 31 October 2014 of the Company, the Patent Infringement Proceedings was held and the parties to the Patent Infringement Proceedings exchanged evidences at the Court on 9 October 2014. Thereafter, the parties to the Proceedings further exchanged evidences on 17 October 2014. Following these events, Evergreen, being the plaintiff to the Patent Infringement Proceedings, applied to the Court to withdraw the Proceedings against Mr. Xu, Beijing Guochuan and Xilinhaote Guochuan on 20 October 2014, which was approved by the Court on the same day.

After consulting the PRC legal advisers of the Group, the Patent Infringement Proceedings had been resolved completely as at the Latest Practicable Date.

8. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which is contained in this Prospectus:

Name	Qualifications
Ascenda Cachet CPA Limited ("**Ascenda**")	Certified Public Accountants
Commerce & Finance Law Offices ("**CFLO**")	PRC registered lawyers

Each of Ascenda and CFLO has given and has not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their letter or their name in the form and context in which they respectively appear.

Each of Ascenda and CFLO does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Ascenda and CFLO does not have any direct or indirect interests in any assets which have been, since 31 December 2013 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

9. MATERIAL CONTRACTS

The following contracts, which are contracts that are or may be entered into outside the ordinary course of business carried on or intended to be carried on by the Group, have been entered into by members of the Group within the two years preceding 8 August 2014 and up to the Latest Practicable Date and which are or may be material:

(i) the memorandum of understanding dated 20 December 2012 and entered into between Beijing Guochuan, an indirect wholly-owned subsidiary of the Company, and Dalian Shipbuilding, an Independent Third Party, in relation to the management of the establishment of the facilities of upgrading low-rank coal with an expected annual capacity of not less than 2,000,000 tonnes of upgraded coal in which no consideration was determined;

(ii) the agreement dated 23 January 2013 and entered into between 內蒙古源源能源集團金源里井工礦業有限責任公司 (Inner Mongolia Yuan Yuan Energy Resources Jinyuanli Underground Mining Company Limited#) ("**First JV Company**"), a 56.2% non-wholly owned subsidiary of the Company, and 內蒙古源源能源集團有限責任公司 (Inner Mongolia Yuan Yuan Energy Resources Company Limited#) ("**YYE**") which owns 43.8% equity interest in the First JV Company, in relation to (i) the leasing of a station platform for coal transportation and (ii) the provision of coal loading services by YYE to the First JV Company at the proposed annual caps payable by the Group in the amount HK$24,000,000 per year for each of the three years ending 31 December 2013, 2014 and 2015; and

(iii) the project management contract dated 9 November 2013 and entered into among Beijing Guochuan and Xilinhaote Guochuan, both indirect wholly-owned subsidiaries of the Company and Dalian Shipbuilding, an Independent Third Party, for the construction of the facilities of upgrading low-rank coal in Xilinhaote City, Inner Mongolia, the PRC with the tentative total project costs of RMB458,850,000;

(iv) the Loan Facility Agreement; and

(v) the Underwriting Agreement.

10. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK$4.6 million and are payable by the Company.

11. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Suite No.3, 31st Floor Sino Plaza 255-257 Gloucester Road Hong Kong
Authorised representative	Mr. Mak Shiu Chung, Godfrey Mr. Zhang Fusheng
Company Secretary	Mr. Wong Choi Chak FCCA, CPA
Compliance Officer	Mr. Mak Shiu Chung, Godfrey

Legal advisor to the Company	As to Hong Kong Law Michael Li & Co 19th Floor, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong As to Cayman Islands law Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Auditors	RSM Nelson Wheeler Certified Public Accountants 29th Floor, Caroline Centre Lee Gardens Two 28 Yun Ping Road Hong Kong
Reporting Accountants	Ascenda Cachet CPA Limited 13F Neich Tower 128 Gloucester Road Wanchai Hong Kong
Underwriter	Hong Kong Hang Kei Company Limited *Registered office:* P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands *Correspondence address in Hong Kong:* Suit No. 3 31st Floor, Sino Plaza 255-257 Gloucester Road Hong Kong
Director of the Underwriter	Mr. Xu Bin

Financial adviser to the Company	China Galaxy International Securities (Hong Kong) Co. Limited Room 3501-07, 35/F Cosco Tower 183 Queen's Road Central Sheung Wan Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Abacus Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	Bank of China (Hong Kong) Limited China Citic Bank International Limited
Audit Committee	Mr. Kwok Chi Shing *(Chairman)* Mr. Tsang Wai Sum Mr. Huang Shao Ru

12. MISCELLANEOUS

(a) Other than the Underwriting Agreement signed between the Underwriter and the Company, and the Whitewash Waiver which has been granted to the Underwriter, there is no other benefit that was given or will be given to any Director as compensation for loss of office or otherwise in connection with the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

(b) The business address of the Directors and senior management is Suite No.3, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong.

(c) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

(d) There is no other stock exchange on which any part of the equity or debt 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.

(e) In the event of inconsistency, the English text of this Prospectus and the accompanying Application Form shall prevail over the Chinese text.

13. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Xu Bin, aged 49, joined the Company in August 2009, and was appointed as an executive Director and Co-chairman of the Company on 10 August 2009. Mr. Xu has over 14 years of experience in financial management. He was previously the general manager of Hainan Dongyuan Industrial Company Limited. Apart from being an executive Director and Co-chairman of the Company. Mr. Xu does not hold any other positions in the Company or any member of the Group.

Mr. Mak Shiu Chung, Godfrey, aged 52, joined the Company in January 2006, and is an executive Director and the Co-chairman of the Company. Mr. Mak has over 23 years of experience in the field of corporate finance, specialising in advisory services for major transactions concerning different sectors. He has participated in various securities and financing activities in Asia. Mr. Mak returned to Hong Kong and joined the Hong Kong Government as an Administrative Officer in 1988. He started his corporate finance career at Morgan Grenfell in 1990. He holds a Bachelor of Science degree in Business Studies from Bradford University School of Management, United Kingdom and a Master of Business Administration degree from the University of Wales, United Kingdom. Mr. Mak is a Member of the Hong Kong Securities Institute, a Member of The Chartered Institute of Marketing and an Associate of The Institute of Chartered Secretaries and Administrators.

Mr. Zhang Fusheng, aged 42, was appointed as an executive Director and the chief executive officer on June, 2013. Mr. Zhang has extensive working experience in management and leadership role. Mr. Zhang was an executive director of Global Biochem Technology Group Company Limited (Stock Code:809) during the period from September 2010 to April 2012, a company with its share listed on the Stock Exchange since March 2001. Mr. Zhang is responsible for overseeing the operations of the Group. He hold a master's degree of Business Administration from Nangyang Technological University.

Mr. Wang Hon Chen, aged 54, joined the Company in March 2007 and is an executive Director and the general manager of the Changchun Yicheng. Mr. Wang has over 26 years of experience in the production field. Mr. Wang is responsible for overseeing the operations of Changchun Yicheng, including product development, production process and technical and safety management. He is a member of the People's Congress in Luyuan District, Changchun City, Jilin Province, People's Republic of China.

Independent Non-executive Directors

Mr. Kwok Chi Shing, aged 52, is currently the managing partner of LKKC CPA Limited. He graduated from the University of Aberdeen, United Kingdom in 1986 with a Master of Arts Honour Degree in Accountancy with Economics. Mr. Kwok is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwok has extensive experience in corporate and financial management work especially for international cross border transactions, real estate development and property management industries. He has extensive experience in public sector work both in Hong Kong and China and he is a fellow member of the Hong Kong Association of Financial Advisors. Mr. Kwok has been an independent non-executive Director of the Company since January 2006.

Mr. Tsang Wai Sum, aged 54, graduated from the University of London with a bachelor degree in Laws and RMIT University with a Master Degree of Finance. He is a practicing solicitor in Hong Kong. He has been admitted as a solicitor in England and Wales and has been admitted as a barrister and solicitor in the Supreme Court of Victoria, Australia. Mr. Tsang has been an independent non-executive Director of the Company since July 2006.

Mr. Huang Shao Ru, aged 42, graduated from school of Distance Education of Beijing Jiaotong University majoring in business and administration and has over 21 years of managerial and international trade experience. Mr. Huang has been serving as the director and general manger of Xinhu Industry Co., Ltd., Shenzhen, Guangdong, since January 2003. Mr. Huang was appointed as an independent non-executive Director of the Company on 2 April 2013.

Senior Management

Mr. Cong Yue Sheng, aged 57, joined the Company in December 2013, is the general manager of Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited. He has over 35 years of mining and mine management experience in China.

Mr. Wong Choi Chak, aged 49, joined the Company in October 2003, is the financial controller and company secretary of the Company. Mr. Wong has worked for various listed companies for over 20 years. Mr. Wong is primarily responsible for the Group's financial projection, finance control and accounting of the Group. Mr. Wong holds a bachelor's degree in Accounting from the University of Lincoln, England. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except for public holidays) at the head office and principal place of business of the Company in Hong Kong at Suite No.3, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong from the date of this Prospectus up to and including the date of completion of the Open offer:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013 respectively and the interim report of the Company for the six months ended 30 June 2014;

(c) the letter from the Board, the text of which is set out on pages 9 to 26 of this Prospectus;

(d) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix;

(e) the service contracts as referred to in the paragraph headed "Directors' service contracts" in this appendix;

(f) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(g) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in appendix II to this Prospectus;

(h) the letter from Ascenda in respect of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages 31 to 34 of this Prospectus;

(i) the Circular; and

(j) the Prospectus Documents.

17. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with 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 (Winding Up and Miscellaneous Provisions) Ordinance.

18. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed "Experts and consents" in this appendix have been delivered to the Registrar of Companies of Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.