

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Conch Venture Holdings Limited (“**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker, registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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China Conch Venture Holdings Limited

中國海螺創業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 586)

CONNECTED TRANSACTION: EQUIPMENT SUPPLY CONTRACT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee is set out on page 11 of this circular. A letter of advice from Goldin Financial containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

A notice convening the EGM of the Company to be held at Conference Room 528, Conch International Conference Center, 1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC on Wednesday, 21 May 2014 at 12:00 noon is set out on pages 25 to 26 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and of the Company (<http://www.conchventure.com>).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions stated thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish. In such event, the form of proxy shall be deemed to be revoked.

29 April 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles”	the existing articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“CK Engineering”	安徽海螺川崎工程有限公司 (Anhui Conch Kawasaki Engineering Co., Ltd.*), a company established in the PRC and held as to 51% equity interest by the Company indirectly
“Company”	China Conch Venture Holdings Limited 中國海螺創業控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders, to consider and, if thought fit, to approve, among other matters, the Equipment Supply Contract and the transaction contemplated thereunder in accordance with (among other applicable laws, rules, regulations and codes) the Listing Rules
“Equipment Supply Contract”	the agreement dated 26 March 2014 and entered into between CK Engineering and Kawasaki HI in relation to supply by CK Engineering of certain equipments and spare parts to Kawasaki HI
“Goldin Financial”	Goldin Financial Limited, a corporation licensed under the SFO to engage in Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Board and approved by the Independent Board Committee in connection with the transaction contemplated under the Equipment Supply Contract
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Incoterms 2010”	a series of pre-defined commercial terms published by International Chamber of Commerce in September 2010, as amended
“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, for the purpose of advising the Independent Shareholders in respect of the Equipment Supply Contract and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders who do not have any interest in the Equipment Supply Contract and the transaction contemplated thereunder
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are independent of the Company and its connected persons
“Kawasaki HI”	Kawasaki Heavy Industries Ltd. (川崎重工業株式會社), a company incorporated in Japan and a connected person of the Company holding 49% equity interest in CK Engineering (a subsidiary of the Company)
“Last Major Shipment”	the shipment by which not less than 95% of the equipments in invoice value has been completed, where the date of the Last Major Shipment shall be the date of bill of lading of the Last Major Shipment
“Latest Practicable Date”	25 April 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Provisional Acceptance Certificate”	a certificate to be issued upon the equipment(s) passing certain performance test as stipulated in the Equipment Supply Contract
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollar(s), the lawful currency of the United States of America
“%”	per cent

* *Transliteration for identification purpose only*

Unless the content states otherwise, conversion of US\$ into HK\$ is made for illustrative purpose only, at the rate of US\$1.00 = HK\$7.76 in this circular.

LETTER FROM THE BOARD

China Conch Venture Holdings Limited

中國海螺創業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 586)

Non-executive Director:

Mr. GUO Jingbin (*Chairman*)

Executive Directors:

Mr. JI Qinying (*Chief Executive Officer*)

Mr. LI Jian

Mr. LI Daming

Independent non-executive Directors:

Mr. CHAN Chi On (alias Derek CHAN)

Mr. CHAN Kai Wing

Mr. LAU Chi Wah, Alex

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Suite 4018, 40/F Jardine House

1 Connaught Place

Central

Hong Kong

29 April 2014

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION:
EQUIPMENT SUPPLY CONTRACT
AND**

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The Company announced on 26 March 2014 that the Equipment Supply Contract was entered into between CK Engineering (a subsidiary of the Company) and Kawasaki HI on the same date. Under the Equipment Supply Contract, Kawasaki HI conditionally agreed to purchase and CK Engineering conditionally agreed to supply a complete set of large-scale equipment system and certain spare parts in connection with a project of construction of coal-fired power plants in Myanmar.

The purpose of this circular is to provide you with information in relation to, among other things, (i) further details of the Equipment Supply Contract and the transaction contemplated thereunder; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders setting out its recommendations in connection with the Equipment Supply Contract and the transaction contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Equipment Supply Contract and the transaction contemplated thereunder and to give you notice of the EGM.

LETTER FROM THE BOARD

THE EQUIPMENT SUPPLY CONTRACT

On 26 March 2014, the Equipment Supply Contract was entered into between CK Engineering (a subsidiary of the Company) and Kawasaki HI. Pursuant to the Equipment Supply Contract, CK Engineering is engaged by Kawasaki HI on a single project basis to provide a complete set of large-scale equipment system (“**Equipment Set**”) and certain spare parts in connection with a project (“**Project**”) of construction of two coal-fired power plants (“**Power Plants**”) in Myanmar. The ultimate owner of the Project is a company established in Myanmar. Such owner engaged, on a single-project basis, Kawasaki HI to provide equipments for the Project. By a separate contract made between CK Engineering and such owner, CK Engineering will provide the owner with construction, installation, fabrication, testing and engineering services for the Equipment Set.

Date

26 March 2014

Parties

(1) CK Engineering

CK Engineering is a company established in the PRC and is principally engaged in the business of residual heat power generation; cement equipments and other environmentally friendly engineering design, construction and installation; and design, development, procurement and sale of related equipments. CK Engineering is a subsidiary of the Company and is owned as to 51% and 49% by the Company and Kawasaki HI respectively.

(2) Kawasaki HI

Kawasaki HI is a company incorporated in Japan and is principally engaged in the business of manufacture of a wide range of technological products including industrial plants, environmental protection facilities, industrial equipment, construction machinery and steel structures.

As mentioned above, Kawasaki HI holds 49% equity interest in CK Engineering, a subsidiary of the Company. Accordingly, it is a connected person of the Company under Chapter 14A of the Listing Rules.

Conditions precedent

The Equipment Supply Contract shall be conditional upon:

- (i) the passing of the relevant resolution(s) by the Shareholders (or where applicable, the Independent Shareholders) of the Company approving the Equipment Supply Contract and the transaction contemplated thereunder at a general meeting in accordance with the Listing Rules; and

LETTER FROM THE BOARD

- (ii) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or stock exchange in connection with the transactions contemplated under the Equipment Supply Contract having been obtained.

The Equipment Supply Contract shall become effective on the date when all the above conditions are satisfied.

Scope of supply

Under the Equipment Supply Contract, Kawasaki HI conditionally agreed to purchase and CK Engineering conditionally agreed to supply (i) the Equipment Set, i.e. a complete set of large-scale equipment system for coal-fired power plants comprising, among other things, thermodynamic equipment, boilers, oil ignition equipments, coal feeder, desulphurization system, ash and slag handling system and chemical water treatment system, and (ii) spare parts (such spare parts being aged less than 2 years and subject to passing of performance test(s)), in connection with the Project. The quantities and specifications of the equipments in the Equipment Set and spare parts to be supplied are specifically stated and fixed under the Equipment Supply Contract.

CK Engineering shall be responsible for delivering the Equipment Set and spare parts to the relevant port at Myanmar in different shipments in accordance with the delivery schedule as specified under the Equipment Supply Contract, but in any event the delivery date of the Last Major Shipment shall not be later than 15 months from the effective date of the Equipment Supply Contract (or an earlier date so agreed by the parties).

Contract price and payment terms

The contract price payable by Kawasaki HI to CK Engineering under the Equipment Supply Contract shall be approximately US\$43.8 million (equivalent to approximately HK\$339.9 million). The contract price shall be settled in the following manner:

- (1) 25% of the contract price amounting to approximately US\$11.0 million (equivalent to approximately HK\$85.4 million) shall be payable by Kawasaki HI within 10 working days after receipt of initial invoice from CK Engineering;
- (2) 65% of the contract price amounting to approximately US\$28.5 million (equivalent to approximately HK\$221.2 million) shall be payable by Kawasaki HI within 40 working days after its receipt of the relevant shipping documents including but not limited to the relevant bill(s) of lading or airway bill(s) and certificate(s) of origin from manufacturers and/or CK Engineering;
- (3) 5% of the contract price amounting to approximately US\$2.2 million (equivalent to approximately HK\$17.1 million) shall be payable by Kawasaki HI within 10 working days after presentation of CK Engineering's relevant commercial invoice and the Provisional Acceptance Certificate of unit no.1 of the Power Plants; and

LETTER FROM THE BOARD

- (4) 5% of the contract price amounting to approximately US\$2.2 million (equivalent to approximately HK\$17.1 million) shall be payable by Kawasaki HI within 10 working days after presentation of CK Engineering's relevant commercial invoice and the Provisional Acceptance Certificate of unit no. 2 of the Power Plants.

The contract price is fixed and is inclusive of, among other things, any taxes, fees and charges levied in the PRC in connection with the exportation of the Equipment Set and spare parts.

The contract price is determined by the parties (on arm's length basis and in good faith) with reference to (i) the procurement cost of the raw materials and parts for manufacture of the equipments); (ii) the then prevailing market prices of similar equipment and spare parts (in terms of performance, specification and manufacture standard) in connection with construction of coal-fired power plants which may be supplied by other suppliers (who are Independent Third Parties) in the market; (iii) a reasonable profit margin rate which is determined with reference to the profit margin rate of CK Engineering in the previous financial year and (iv) the allocations of cost, insurance and freight ("CIF") at the relevant port at Myanmar in accordance with Incoterms 2010.

Under the CIF basis, the Group shall be responsible for the costs and freight to deliver, or to arrange for delivery of, the Equipment Set and spare parts to the relevant port of destination at Myanmar. The Group shall also make arrangements for export clearance and all export formalities and shall procure and pay for the relevant insurance for the transit of the Equipment Set and spare parts to the relevant port in Myanmar.

Warranties and warranty period

Under the Equipment Supply Contract, CK Engineering warrants that, among other things,

- (a) the Equipment Set shall be manufactured in accordance with the quality, standard and measurement as specified in the Equipment Supply Contract and with sound engineering, design, manufacturing and workmanship;
- (b) the Equipment Set shall be brand new, unused and free from defects in materials fabrication, design and workmanship; and
- (c) the Equipment Set shall achieve the level of performance as specified in the Equipment Supply Contract.

Subject to the provisions of the Equipment Supply Contract, CK Engineering shall be liable for defects of the Equipment Set and spare parts delivered under the Equipment Supply Contract resulting from faulty design, poor material and bad workmanship for a period of 12 months after issue of the relevant Provisional Acceptance Certificate and such liability shall, in any event, expire not later than 25 months from the Last Major Shipment.

LETTER FROM THE BOARD

REASONS AND BENEFITS FOR ENTERING INTO THE EQUIPMENT SUPPLY CONTRACT

The principal activities of the Group are investment holding and provision of energy preservation and environmental protection solutions. CK Engineering is one of the operating subsidiaries of the Company and, as mentioned above, is specialized in (among other businesses) engineering design for residual heat power generation and design, development and sale of related equipments. CK Engineering is expanding into the market of supply of equipments to power plants.

By supply to Kawasaki HI of the Equipment Set and spare parts in relation to construction of coal-fired power plants under the Equipment Supply Contract, the Directors consider that the Group will be able to build up industry reputation in overseas market as a supplier of equipments to power plants.

The Directors (including the independent non-executive Directors) are of the view that:

- (a) the terms of the Equipment Supply Contract are negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable;
- (b) the transaction contemplated under the Equipment Supply Contract will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and
- (c) the terms of the Equipment Supply Contract are no less favourable to the Company than terms available from Independent Third Parties.

LISTING RULES IMPLICATIONS

Kawasaki HI holds 49% equity interest in CK Engineering, a subsidiary of the Company. Accordingly Kawasaki HI is a connected person of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement (“**CCT Announcement**”) of the Company dated 24 March 2014 in relation to, among other things, the Master Agreements (as defined in the CCT Announcement) entered into between the Group (through CK Engineering and another subsidiary of the Company) and Kawasaki HI and CKEM (as defined in the CCT Announcement) respectively. As mentioned in the CCT Announcement, more than 30% equity interest in CKEM is held by Kawasaki HI. Accordingly, CKEM is an associate of Kawasaki HI, hence is a connected person of the Company under Chapter 14A of the Listing Rules.

Despite the fact that both the Equipment Supply Contract and the Master Agreements were entered into with Kawasaki HI and/or its associate, the equipments supplied under the Equipment Supply Contract (being the Equipment Set for construction of coal-fired power plants, whose design and specifications are essentially fixed and finalized at the time of the signing of the Equipment Supply Contract) and those supplied under the Master Agreements (which are ordered as and when demands arise) are of different nature, the Company is of the view that the respective transaction(s) under the Master Agreements and the Equipment Supply

LETTER FROM THE BOARD

Contract are of different nature. As such, the connected transaction contemplated under the Equipment Supply Contract and the continuing connected transactions contemplated under the Master Agreements are not aggregated.

The highest applicable percentage ratio (as prescribed under Chapter 14 of the Listing Rules) in respect of the connected transaction contemplated under the Equipment Supply Contract, on a standalone basis, is higher than 5%.

For the above reasons, the transaction contemplated under the Equipment Supply Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval at the EGM under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Equipment Supply Contract and the transaction contemplated thereunder or is required to abstain from voting on the relevant board resolution(s) for considering and approving the same pursuant to the Articles.

THE EGM

The EGM will be convened at Conference Room 528, Conch International Conference Center, 1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC on Wednesday, 21 May 2014 at 12:00 noon for the Independent Shareholders to consider and, if thought fit, to approve the Equipment Supply Contract and the transaction contemplated thereunder. A notice of the EGM is set out on pages 25 to 26 of this circular.

To the best knowledge of the Company after having made all reasonable enquiries, at the Latest Practicable Date, no Shareholders were required to abstain from voting in respect of the ordinary resolution in respect of the Equipment Supply Contract and the transaction contemplated thereunder proposed to be considered and, if thought fit, approved by the Independent Shareholders at the EGM.

A form of proxy for appointing proxy is despatched with this circular and published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.conchventure.com) respectively. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions stated thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish. In such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules and the Articles, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the results of the poll will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on page 11 of this circular. Your attention is also drawn to the letter of advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders in respect of the same matters, the text of which is set out on page 12 to 18 of this circular.

The Independent Board Committee, having taken into account the advice of Goldin Financial, considers that the Equipment Supply Contract is on normal commercial terms, and that the terms of the transaction contemplated thereunder are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Equipment Supply Contract and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equipment Supply Contract and the transaction contemplated thereunder.

ADDITIONAL INFORMATION

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

In case of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over their respective Chinese text.

Yours faithfully,
For and on behalf of the Board
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
GUO Jingbin
Chairman

China Conch Venture Holdings Limited

中國海螺創業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 586)

29 April 2014

To the Independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION:
EQUIPMENT SUPPLY CONTRACT**

We refer to the circular issued by the Company to its Shareholders and dated 29 April 2014 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transaction contemplated under the Equipment Supply Contract constitutes a connected transaction for the Company and is subject to approval of the Independent Shareholders.

We have been appointed by the Board to consider the terms of the Equipment Supply Contract and to advise the Independent Shareholders in connection with the connected transaction contemplated under the Equipment Supply Contract as to whether, in our opinion, such transaction is fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Goldin Financial has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter of advice from Goldin Financial as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Goldin Financial as set out in its letter of advice, we consider that the Equipment Supply Contract is on normal commercial terms. We also consider that the terms of the transaction contemplated under the Equipment Supply Contract are fair and reasonable and such transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote at the EGM in favour of the ordinary resolution to approve the Equipment Supply Contract and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of

Independent Board Committee

CHAN Chi On
(alias Derek CHAN)

CHAN Kai Wing

LAU Chi Wah, Alex

Independent non-executive Directors

LETTER FROM GOLDIN FINANCIAL

The following is the full text of the letter from Goldin Financial to the Independent Board Committee and the Independent Shareholders in respect of the Equipment Supply Contract, prepared for the purpose of incorporation in this circular.



Goldin Financial Limited
23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

29 April 2014

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION: EQUIPMENT SUPPLY CONTRACT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equipment Supply Contract, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 29 April 2014 issued by the Company (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 26 March 2014, CK Engineering (a subsidiary of the Company), entered into the Equipment Supply Contract with Kawasaki HI, pursuant to which Kawasaki HI agreed to purchase from and CK Engineering agreed to supply certain equipments and spare parts, including but not limited to thermodynamic equipment, coal feeder, desulphurization system and chemical water treatment, in connection with certain project of construction of power plants in Myanmar, at a total consideration of US\$43.8 million (equivalent to approximately HK\$339.9 million). Kawasaki HI holds 49% equity interest in CK Engineering, accordingly Kawasaki HI is a connected person of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement (“**CCT Announcement**”) of the Company dated 24 March 2014 in relation to, among other things, the Master Agreements (as defined in the CCT Announcement) entered into between the Group (through CK Engineering and another subsidiary of the Company) and Kawasaki HI and CKEM (as defined in the CCT Announcement) respectively. As mentioned in the CCT Announcement, more than 30% equity interest in CKEM is held by Kawasaki HI. Accordingly, CKEM is an associate of Kawasaki HI, hence is a connected person of the Company under Chapter 14A of the Listing Rules.

LETTER FROM GOLDIN FINANCIAL

Despite the fact that both the Equipment Supply Contract and the Master Agreements were entered into with Kawasaki HI and/or its associate, the equipment supplied under the Equipment Supply Contract (being the Equipment Set for construction of coal-fired power plants, whose design and specifications are essentially fixed and finalized at the time of the signing of the Equipment Supply Contract) and those supplied under the Master Agreements (which are ordered as and when demands arise) are of different nature, the Company is of the view that the respective transaction(s) under the Master Agreements and the Equipment Supply Contract are of different nature. As such, the connected transaction contemplated under the Equipment Supply Contract and the continuing connected transactions contemplated under the Master Agreements are not aggregated.

The highest applicable percentage ratio (as prescribed under Chapter 14 of the Listing Rules) in respect of the connected transaction contemplated under the Equipment Supply Contract, on a standalone basis, is higher than 5%.

For the above reasons, the transaction contemplated under the Equipment Supply Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval at the EGM under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chan Chi On, Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Equipment Supply Contract and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and whether the entering into of the Equipment Supply Contract are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote taking into account the recommendations of Goldin Financial.

We, Goldin Financial, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Equipment Supply Contract and to make a recommendation as to, among others, whether the terms of the Equipment Supply Contract are fair and reasonable and as to voting in respect of the relevant resolution at the EGM.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the announcement of the Company dated 26 March 2014, the Equipment Supply Contract and the prospectus of the Company dated 9 December 2013 (the "**Prospectus**"). Based on the foregoing, we consider that we have taken all the reasonable steps, which are applicable to the Equipment Supply Contract, as referred to and required under Rule 13.80(2)(b) of the Listing Rules (including its annexed notes) in forming our opinion. We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our recommendation which are in compliance with Rule 13.80(2)(b) of the Listing Rules. We have also reviewed certain information provided by the management of the Company relating to the

LETTER FROM GOLDIN FINANCIAL

operation, financial condition and prospect of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the terms of the Equipment Supply Contract, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for entering into the Equipment Supply Contract to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Equipment Supply Contract, we have taken into account the following principal factors and reasons:

Background of and reasons for the entering into of the Equipment Supply Contract

The principal activities of the Group are investment holding and provision of energy preservation and environmental protection solutions. CK Engineering is one of the operating subsidiaries of the Company and is specialized in (among other businesses) engineering design for residual heat power generation and design, development and sale of related equipments. CK Engineering is expanding into the market of supply of equipments to power plants. On 26 March 2014, CK Engineering entered into the Equipment Supply Contract with Kawasaki HI. Pursuant to the Equipment Supply Contract, CK Engineering is engaged by Kawasaki HI on a single project basis to provide a complete set of large-scale equipment system (“**Equipment Set**”) and certain spare

LETTER FROM GOLDIN FINANCIAL

parts in connection with a project (“**Project**”) of construction of two coal-fired power plants (“**Power Plants**”) in Myanmar. The ultimate owner of the Project is a company established in Myanmar. Such owner engaged, on a single-project basis, Kawasaki HI to provide equipments for the Project. By a separate contract made between CK Engineering and such owner, CK Engineering will provide the owner with construction, installation, fabrication, testing and engineering services for the Equipment Set. The total consideration for the Equipment Set and spare parts under the Equipment Supply Contract is US\$43.8 million (equivalent to approximately HK\$339.9 million).

By supplying to Kawasaki HI of the Equipment Set and spare parts in relation to construction of coal power plants under the Equipment Supply Contract, the Directors consider that the Group will be able to build up industry reputation in overseas market as a supplier of equipments to power plants.

Kawasaki HI is a company incorporated in Japan and is principally engaged in the business of manufacture of a wide range of technological products including industrial plants, environmental protection facilities, industrial equipment, construction machinery and steel structures. According to the official website of Kawasaki HI, Kawasaki HI is the world’s leading industrial and technological business group. With reference to its annual report for the year ended 31 March 2013, Kawasaki HI recorded net sales of approximately US\$13,713.0 million (equivalent to approximately HK\$106,412.9 million) for the year ended 31 March 2013 and it had total assets of approximately US\$15,600.5 million (equivalent to approximately HK\$121,059.9 million) as at 31 March 2013. In view of the above, we considered that Kawasaki HI will have sufficient financial resources to fulfil its obligation under the Equipment Supply Contract.

Having considered that (i) the transaction under the Equipment Supply Contract will increase the revenue stream of the Group; and (ii) the financial position of Kawasaki HI, we are of the view that the entering into of the Equipment Supply Contract is in the ordinary and usual course of business of the Company and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Principal terms of the Equipment Supply Contract

The contract price of US\$43.8 million (equivalent to approximately HK\$339.9 million) was determined after arm’s length negotiation between CK Engineering and Kawasaki HI with reference to (i) the procurement cost of the raw materials and parts for manufacture of the equipments; (ii) the then prevailing market prices of similar equipment and spare parts (in terms of performance, specification and manufacture standard) in connection with construction of coal-fired power plants which may be supplied by other suppliers (who are Independent Third parties) in the market; (iii) a reasonable profit margin rate which is determined with reference to the profit margin rate of CK Engineering in the previous financial year; and (iv) the allocations of cost, insurance and freight (“**CIF**”) at the relevant port at Myanmar in accordance with Incoterms 2010.

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Under the CIF basis, the Group shall be responsible for the costs and freight to deliver, or to arrange for delivery of, the Equipment Set and spare parts to the relevant port of destination at Myanmar. The Group shall also make arrangements for export clearance and all export formalities and shall procure and pay for the relevant insurance for the transit of the Equipment Set and spare parts to the relevant port in Myanmar.

The contract price shall be settled in the following manner:

- (i) 25% of the contract price amounting to approximately US\$11.0 million (equivalent to approximately HK\$85.4 million) shall be payable by Kawasaki HI within 10 working days after receipt of initial invoice from CK Engineering;
- (ii) 65% of the contract price amounting to approximately US\$28.5 million (equivalent to approximately HK\$221.2 million) shall be payable by Kawasaki HI within 40 working days after its receipt of the relevant shipping documents including but not limited to the relevant bill(s) of lading or airway bill(s) and certificate(s) of origin from manufacturers and/or CK Engineering;
- (iii) 5% of the contract price amounting to approximately US\$2.2 million (equivalent to approximately HK\$17.1 million) shall be payable by Kawasaki HI within 10 working days after presentation of CK Engineering's relevant commercial invoice and the Provisional Acceptance Certificate of unit no. 1 of the Power Plant; and
- (iv) 5% of the contract price amounting to approximately US\$2.2 million (equivalent to approximately HK\$17.1 million) shall be payable by Kawasaki HI within 10 working days after presentation of CK Engineering's relevant commercial invoice and the Provisional Acceptance Certificate of unit no. 2 of the Power Plant.

The contract price is fixed and is inclusive of, among other things, any taxes, fees and charges levied in the PRC in connection with the exportation of the Equipment Set and spare parts.

In addition, under the Equipment Supply Contract, CK Engineering warrants that, among other things:

- (i) the Equipment Set shall be manufactured in accordance with the quality, standard and measurement as specified in the Equipment Supply Contract and with sound engineering, design, manufacturing and workmanship;
- (ii) the Equipment Set shall be brand new, unused and free from defects in materials fabrication, design and workmanship; and
- (iii) the Equipment Set shall achieve the level of performance as specified in the Equipment Supply Contract.

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Subject to the provisions of the Equipment Supply Contract, CK Engineering shall be liable for defects of the Equipment Set and spare parts delivered under the Equipment Supply Contract resulting from faulty design, poor material and bad workmanship for a period of 12 months after issue of the relevant Provisional Acceptance Certificate and such liability shall, in any event, expire not later than 25 months from the date of the Last Major Shipment.

In determining the contract price of the Equipment Set, the Group also obtained preliminary quotations of the relevant equipments and spare parts from certain primary suppliers which are in the market of supplying the relevant equipments and spare parts (meeting the requisite performance, specification and manufacture standard).

As such primary suppliers generally do not supply the whole Equipment Set, some of the equipments and spare parts which are not procured from the primary suppliers will be manufactured by the Group (which is estimated by the Company to represent less than 9% of the total production costs of the Equipment Set). As such, in determining the contract price of the Equipment Set, the Group made reference to (among other factors):

- (i) (for equipments to be manufactured by the Group) the procurement cost of the raw materials and relevant parts; and
- (ii) (for equipments to be procured from the primary suppliers) the market prices of the relevant equipments as quoted from the primary suppliers.

Since the primary suppliers generally lack the requisite expertise in design, installation, testing and project management services of the entire Equipment Set, they generally do not supply the whole Equipment Set and the Group did not provide the Equipment Set and spare parts to independent third parties. As such, direct comparison of the terms of the Equipment Supply Contract with those offered to independent third parties is not available. Instead, in determining the contract price of the Equipment Set, the Group would make reference to a reasonable profit margin determined with reference to the profit margin rate of CK Engineering in the previous financial year, in addition to the procurement costs and quoted market prices of certain equipments and spare parts.

We have reviewed the cost estimation of the Equipment Set and spare parts under the Equipment Supply Contract, which was reviewed and approved by the senior management of the Company who were independent parties to Kawasaki HI, and noted that the estimated gross profit margin of the Equipment Set and spare parts under the Equipment Supply Contract is higher than the gross profit margin of CK Engineering in 2013 and based on such higher gross profit margin of the Equipment Set and spare parts, it is expected that the estimated profit margin of the Equipment Set and spare parts under the Equipment Supply Contract is comparable to the profit margin of CK Engineering. As confirmed by the management of the Company, the senior management of the Company will review to ensure that the abovementioned pricing procedures of the Equipment Set and spare parts under the Equipment Supply Contract including quotations from independent suppliers and the basis of determining the profit margin rate will be similarly adopted by CK Engineering for the Equipment Set and spare parts which will be offered to independent third parties in the future such that the contract price of the Equipment Set

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and spare parts under the Equipment Supply Contract will be no more favourable than that will be offered to independent third parties by CK Engineering. Despite that (i) no direct comparison of the terms of the Equipment Supply Contract with those offered to independent third parties is available; and (ii) the cost structures including distribution cost and staff costs of the historical projects of CK Engineering which is based in the PRC is not identical to that of the Equipment Set and spare parts under the Equipment Supply Contract for the project in Myanmar due to different locations which requires additional costs and arrangements for delivery, export clearance and insurance procurement, having considered that (i) the historical gross profit margin of CK Engineering could provide a general reference for the profitability of the power plant construction industry which is in our view a fair and reasonable basis; (ii) the estimated gross profit margin and the profit margin of the Equipment Set and spare parts under the Equipment Supply Contract is higher than the gross profit margin and profit margin of CK Engineering in 2013 which represents a higher return to the Shareholders and is in the interests of the Company and the Shareholders as a whole; (iii) the entering into of the Equipment Supply Contract will enable the Group to build up industry reputation in overseas market as a supplier of the Equipment Set and spare parts; and (iv) the senior management of the Company will review the contract price of the Equipment Set and spare parts which will be offered by CK Engineering to independent third parties in the future before the execution of such contracts to ensure that the contract price of the Equipment Set and spare parts under the Equipment Supply Contract will be no more favourable than that will be offered to independent third parties by CK Engineering, we are of the view that the terms of the Equipment Supply Contract are normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATIONS

Having considered the above, we are of the view that the provision of the Equipment Set and spare parts under the Equipment Supply Contract is in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Equipment Supply Contract is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Equipment Supply Contract and the transaction contemplated thereunder.

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short position in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required 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) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in the Listing Rules, were as follows:

Long positions in the Shares of the Company:

Name of Director	Capacity/ nature of interest	Number of Shares	Approximate percentage shareholding
Guo Jingbin (<i>Note 1</i>)	Interest of controlled corporation	62,680,000	3.47%
Ji Qinying (<i>Note 2</i>)	Interest of controlled corporation	61,080,000	3.38%
	Interest of spouse (<i>Note 2</i>)	33,752	0.002%
Li Jian (<i>Note 3</i>)	A beneficiary of a fixed trust	7,646,370	0.42%
	Interest of spouse (<i>Note 3</i>)	105,346	0.006%
Li Daming (<i>Note 4</i>)	A beneficiary of a fixed trust	6,112,563	0.34%

Long positions in the shares of an associated corporation of the Company:

Name of Director	Capacity/ nature of interest	Name of the associated corporation	Number of shares	Approximate percentage shareholding
Li Jian (<i>Note 3</i>)	Beneficial owner	Conch Cement	417,000	0.01%
Li Daming (<i>Note 4</i>)	Beneficial owner	Conch Cement	310,000	0.01%

Notes:

1. These Shares are owned by Splendor Court Holdings Limited of which Mr. Guo Jingbin is the sole shareholder and sole director.
2. These Shares are owned by Golden Convergence Limited of which Mr. Ji Qinying is the sole shareholder and sole director. Ms. Yan Zi is the spouse of Mr. Ji who is taken to be interested in such Shares to which she is entitled as a fixed beneficiary under a fixed trust (“**HLGH Fixed Trust**”) whose trustee is HLGH Management (PTC) Limited (“**HLGH PTC**”) and whose trustee is HLGH PTC and the relevant Shares are held by HLGH Fixed Investment Limited (“**HLGH Fixed Investment**”).
3. Mr. Li Jian is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the relevant Shares are held by HLGH Fixed Investment Limited (“**HLGH Fixed Investment**”). Ms. Wang Zhenying is the spouse of Mr. Li Jian who is taken to be interested in such Shares to which she is entitled as a fixed beneficiary under the HLGH Fixed Trust. As at the Latest Practicable Date, Mr. Li Jian held 417,000 domestic shares in Anhui Conch Cement Co. Ltd. (“**Conch Cement**”), being an associated corporation of the Company under the SFO.
4. Mr. Li Daming is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the relevant Shares are held by HLGH Fixed Investment. As at the Latest Practicable Date, Mr. Li Daming held 310,000 domestic shares in Conch Cement, being an associated corporation of the Company under the SFO.

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 and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required 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) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Other interests of the Directors

As at the Latest Practicable Date,

- (i) save as disclosed above, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO;

- (ii) none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (iii) save for the Master Agreements (to the extent that Mr. Guo Jingbin was a director of Conch Cement and Mr. Li Daming was a director of CKEM), none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following companies and persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares of the Company:

Name of Shareholder	Capacity/ nature of interest	Number of Shares	Approximate percentage shareholding
HLGH PTC (<i>Notes 1 and 2</i>)	Interest in a controlled corporation and trustee	855,015,837	47.38%
HLGH Fixed Investment (<i>Note 1</i>)	Beneficial owner	703,165,206	38.96%
HLGH Investment (<i>Note 2</i>)	Beneficial owner	151,850,631	8.41%
Mr. Liu Yi (<i>Note 3</i>)	Sole shareholder and director of HLGH PTC, and settlor of both the HLGH Fixed Trust and the HLGH Discretionary Trust	855,015,837	47.38%
Ms. Wang Ning (<i>Note 3</i>)	Interest of spouse (spouse of Mr. Liu Yi)	855,015,837	47.38%
NGGH PTC (<i>Note 4</i>)	Interest in a controlled corporation and trustee	136,344,891	7.55%
NGGH Investment (<i>Note 4</i>)	Beneficial owner	136,344,891	7.55%

Name of Shareholder	Capacity/ nature of interest	Number of Shares	Approximate percentage shareholding
Mr. Rao Peijun (<i>Note 5</i>)	Sole shareholder and director of NGGH PTC, and settlor of the NGGH Trust	136,344,891	7.55%
Ms. Chen Lijun (<i>Note 5</i>)	Interest of spouse (spouse of Mr. Rao Peijun)	136,344,891	7.55%

Notes:

- (1) HLGH Fixed Investment is a wholly owned subsidiary of HLGH PTC. Both HLGH Fixed Investment and the Shares owned by it form part of the trust assets of the HLGH Fixed Trust established by Mr. Liu Yi as settlor and whose trustee is HLGH PTC.
- (2) HLGH Investment Limited (“**HLGH Investment**”) is a wholly owned subsidiary of HLGH PTC. Both HLGH Investment and the Shares owned by it form part of the trust assets of a discretionary trust (“**HLGH Discretionary Trust**”) established by Mr. Liu Yi as settlor and whose trustee is HLGH PTC.
- (3) HLGH PTC is a trustee company incorporated in the British Virgin Islands. Mr. Liu Yi is the sole shareholder of HLGH PTC. He is the sole director of each of HLGH PTC, HLGH Fixed Investment and HLGH Investment. He is also the settlor of both the HLGH Fixed Trust and the HLGH Discretionary Trust. Mr. Liu is deemed to be interested in 151,850,631 Shares in his capacity of settlor of the HLGH Discretionary Trust, and is deemed to be interested in 703,165,206 Shares in his capacity of the sole director of HLGH PTC and HLGH Fixed Investment. Ms. Wang Ning is the spouse of Mr. Liu Yi, and accordingly she is deemed to be interested in the aggregate of 855,015,837 Shares by virtue of the SFO.
- (4) NGGH Investment Limited (“**NGGH Investment**”) is a wholly owned subsidiary of NGGH Management (PTC) Limited (“**NGGH PTC**”). NGGH Investment and the Shares owned by it form part of the trust assets of a fixed trust (“**NGGH Trust**”) established by Mr. Rao Peijun as settlor and whose trustee is NGGH PTC.
- (5) NGGH PTC is a trustee company incorporated in the British Virgin Islands. Mr. Rao Peijun is the sole shareholder of NGGH PTC. He is the sole director of each of NGGH PTC and NGGH Investment. He is also the settlor of the NGGH Trust. Mr. Rao Peijun is deemed to be interested in 136,344,891 Shares in his capacity of the sole director of NGGH PTC and NGGH Investment. Ms. Chen Lijun is the spouse of Mr. Rao Peijun, and accordingly she is deemed to be interested in the said 136,344,891 Shares by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which would not expire or was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Goldin Financial	a corporation licensed under the SFO to engage in Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Board and approved by the Independent Board Committee in connection with the transaction contemplated under the Equipment Supply Contract

As at the Latest Practicable Date, Goldin Financial has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and inclusion of its letter of advice in the form and context in which it appears.

As at the Latest Practicable Date, Goldin Financial has confirmed that it did not have any shareholding, directly or indirectly, 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.

As at the Latest Practicable Date, Goldin Financial has confirmed that it did not have any interest, direct or indirect, in any assets which have since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Suite 4018, 40/F Jardine House, 1 Connaught Place, Central, Hong Kong, the principal place of business of the Company in Hong Kong, during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the Equipment Supply Contract;
- (b) the Master Agreements;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter of advice from Goldin Financial, the text of which is set out in this circular;
- (e) the written consent referred to in the paragraph headed “Qualification and consent of expert” in this appendix; and
- (f) this circular.

NOTICE OF EGM

China Conch Venture Holdings Limited

中國海螺創業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 586)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of China Conch Venture Holdings Limited 中國海螺創業控股有限公司 (“**Company**”) will be held at Conference Room 528, Conch International Conference Center, 1011 Jiu Hua South Road, Wuhu City, Anhui Province, the People’s Republic of China on Wednesday, 21 May 2014 at 12:00 noon for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the form and substance of the equipment supply contract (“**Equipment Supply Contract**”) dated 26 March 2014 (a copy of which has been produced to the Meeting marked as “A” and signed by the chairman of the Meeting for the purpose of identification) entered into between 安徽海螺川崎工程有限公司 (Anhui Conch Kawasaki Engineering Co., Ltd.*) and Kawasaki Heavy Industries Ltd. and the transaction contemplated thereunder be and are hereby approved and (where applicable) confirmed; and
- (b) any one director (“**Director**”) of the Company be and is hereby authorised to do or execute for and on behalf of the Company all such acts and things and such other documents by hand and, where required, under the common seal of the Company together with such other Director or person authorised by the board of the Directors, which in his or their opinion may be necessary, desirable or expedient to carry into effect or to give effect to the Equipment Supply Contract, including effecting such changes, amendment or waiver thereto which are not fundamentally different from those as provided under the Equipment Supply Contract, as any one Director may consider necessary, desirable or expedient.”

By Order of the Board
China Conch Venture Holdings Limited
中國海螺創業控股有限公司

GUO Jingbin

Chairman

Anhui Province, the People’s Republic of China

29 April 2014

NOTICE OF EGM

Notes:

- (1) All resolutions at the Meeting will be taken by poll (except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (2) Any shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more (if he/she/it holds two or more shares) proxies to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
- (3) In order to be valid, the form of proxy together with the power of attorney, or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and, in such event, the said form of proxy shall be deemed to be revoked.
- (4) For determining the qualification as shareholders of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 19 May 2014 to Wednesday, 21 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as shareholders to attend and vote at the Meeting, investors are required to lodge all transfers of shares accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 May 2014.

The Directors of the Company as at the date of this notice are Mr. GUO Jingbin (Chairman) being the non-executive Director, Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming being the executive Directors and Mr. CHAN Chi On (alias Mr. Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex being the independent non-executive Directors.

** Transliteration for identification purpose only*