

CIRCULAR DATED 15 May 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by LottVision Limited (the "Company") and is important and requires your immediate attention. Please read it carefully. If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the Section entitled "DEFINITIONS".

If you have sold all your ordinary shares in the capital of the Company, please forward this Circular, Notice of Special General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

Your attention is drawn to pages 27-29 of this Circular in respect of actions to be taken if you wish to attend and vote at the Special General Meeting.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") has not examined the contents of this Circular. The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. Shareholders should note that the in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, the Shares, the Proposed Share Consolidation, the Proposed Placement, the Consolidated Shares or the Placement Shares.



LottVision

LottVision Limited

(Registration No.: 32308)

(Incorporated in Bermuda on 26 June 2002)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO
THE PROPOSED CAPITAL REORGANISATION AND THE PROPOSED PLACEMENT**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of proxy forms	:	6 Jun 2015 at 10:00am
Date and time of Special General Meeting	:	8 Jun 2015 at 10:00am
Place of Special General Meeting	:	Maxwell Chambers Pte Ltd, Large Room Level 3, 32 Maxwell Road, #03-01, Singapore 069115

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout, unless the context otherwise requires:

- "Bermuda Companies Act"** : The Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
- "Board" or "Directors"** : The board of directors of the Company as at the Latest Practicable Date
- "Bye-Laws"** : The bye-laws of the Company as amended, supplemented or modified from time to time
- "Books Closure Date"** : The time and date to be determined by the Directors at and on which the Register of Shareholders and the share transfer books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
- "Capital Increase"** : Has the meaning ascribed to it in paragraph 2.1 of this Circular
- "Capital Reduction"** : Has the meaning ascribed to it in paragraph 2.1 of this Circular
- "CDP"** : The Central Depository (Pte) Limited
- "Circular"** : This circular dated 15 May 2015
- "Companies Act"** : The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
- "Company"** : LottVision Limited
- "Consolidated Shares"** : Has the meaning ascribed to it in paragraph 2.1 of this Circular
- "Effective Date"** : The effective date of the Proposed Capital Reorganisation, if approved, being 9.00am on 17 Jun 2015 (Singapore time) or such other date and/or time as may be determined by the Directors
- "Effective Trading Date"** : The date on which the Consolidated Shares will trade on the Main Board in board lots of 100 Consolidated Shares
- "Existing Shares"** : Ordinary share(s) of par value HK\$0.07 each in the share capital of the Company prior to the Proposed Capital Reorganisation

"FY"	: Financial year ended or, as the case may be, ending 31 March
"Group"	: The Company and its subsidiaries
"Incentive Share Scheme"	: The employee share option scheme approved and adopted by the Company at a special general meeting held on 29 July 2009
"Incentive Options"	: As at the Latest Practicable Date, the outstanding options granted by the Company in connection with the Incentive Share Scheme
"Latest Practicable Date"	: 12 May 2015, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	: The Listing Manual of the SGX-ST as amended, modified or supplemented from time to time
"Market Day"	A day on which the SGX-ST is open for trading in securities
"New Shares"	: Ordinary share(s) of par value HK\$0.10 each in the share capital of the Company upon completion of the Proposed Capital Reorganisation
"NTA"	: Net tangible assets
"Options"	: As at the Latest Practicable Date, the nil outstanding options granted by the Company in connection with the Scheme
"Placees"	: Means each of Deng Jiaoyan, Li Xiaomin, Tian Heng and Zhu Lin
"Placement Agreements"	: The placement agreements entered into between the Company and each of the Placees
"Placement Shares"	: 20,000,000 new ordinary Shares to be issued and allotted pursuant to the Placement Agreements
"Proposed Capital Reorganisation"	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Proposed Share Consolidation"	: Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Proposed Placement"	: The proposed placement of 20,000,000 New Shares representing approximately 31.14% of the enlarged issued and paid-up share capital of the Company after the issue of the Placement Shares upon the terms and subject to the conditions of the

Placement Agreements

"Record Date"	: In relation to any dividends, rights allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with CDP or the Company, as the case may be, in order to participate in such dividends, rights allotments or other distributions
"Register of Directors' Shareholdings"	: The register of directors' shareholdings of the Company
"Register of Shareholders"	: The register of shareholders of the Company
"Register of Substantial Shareholders"	: The register of substantial shareholders of the Company
"Scheme"	: The Multivision Employee Share Option Scheme approved and adopted by the Company at a special general meeting held on 22 October 2002
"Securities Account"	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGM"	: The special general meeting of Shareholders, notice of which is set out on pages 27-29] of this Circular
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Shares"	: Existing Share(s) or New Share(s) (as the case may be)
"Shareholders"	: Registered holders of Shares in the Register of Shareholders of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
"Share Registrar"	: Appleby Management (Bermuda) Ltd.
"Singapore Share Transfer Agent"	: Boardroom Corporate & Advisory Services Pte. Ltd
"Substantial Shareholder"	: A Shareholder who has an interest in not less than

5% of the issued Shares

Currencies, Units and Others

"HK\$" : Hong Kong dollar
"S\$" : Singapore dollar, unless otherwise stated
"%" or "per cent." : Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Bermuda Companies Act, or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the Bermuda Companies Act, or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided herein.

Any discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

For the reader's convenience, unless otherwise indicated, certain Singapore dollar amounts in this Circular have been translated into Hong Kong dollars based on an average exchange rate of S\$1:HK\$5.7245 from 8 January 2015 to 8 January 2015 (unless otherwise indicated) based on the Hong Kong Association of Banks' rates set out at <http://www.hkab.org.hk/ExchangeRateDisplayAction.do>. While we have taken reasonable actions to ensure that the indicated exchange rates are reproduced in their proper form and context in this Circular and that the indicated exchange rates are extracted accurately and fairly, we have not conducted an independent review nor verified the accuracy or completeness of the indicated exchange rates. Such translations should not be construed as a representation that Singapore dollars or Hong Kong dollars amounts have been, could have been or could be converted into Hong Kong dollars or Singapore dollars, as the case may be, at the rate indicated, any particular rate or at all.

Any reference to a time of day in this Circular is a reference to Singapore time unless otherwise stated and shall include such other date(s) or time(s) as may be announced from time to time by or on behalf of the Company.

LottVision Limited

(Registration No.: 32308)

(Incorporated in Bermuda on 26 June 2002)

Directors of the Company

Paul Gao Xiangnong (Acting Chairman and Chief Executive Officer)
Xu Haimin (Non-Executive Director)
Li Xuefeng (Non-Executive Director)
Neo Chee Beng (Independent Director)
Ng Poh Khoon (Independent Director)

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

15 May 2015

To: The Shareholders of LottVision Limited

THE PROPOSED CAPITAL REORGANISATION AND THE PROPOSED PLACEMENT

Dear Shareholder

1. INTRODUCTION

On 19 December 2014, the Board of the Company announced the following:

- (a) in connection with, *inter alia*, (i) the Proposed Placement, and (ii) the minimum trading price requirement to be imposed by the SGX-ST, the Company wished to undertake the Proposed Capital Reorganisation in the manner set out in Section 2.1; and
- (b) the Company had on 18 December 2014 entered into Placement Agreements with each of the Placees, whereby the Placees, subject to the approval and completion of the Proposed Capital Reorganisation, have agreed to subscribe for the ordinary shares in the capital of the Company opposite their respective names in the manner set out in Section 2.2 below.

On 12 May 2015, the Board announced that the Company had obtained in-principle approval from the SGX-ST for the dealing in, listing and quotation of the Consolidated Shares and the Placement Shares on the Mainboard of the SGX-ST. The SGX-ST only approves the listing and quotation of the Placement Shares and Consolidated Shares. The in-principle approval of the SGX-ST is subject to the conditions set out in Section 3.1 and 3.2 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. Shareholders should note that the in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, the Shares, the Proposed Share Consolidation, the Proposed Placement, the Consolidated Shares or the Placement Shares.

Rule 805(1) of the Listing Manual provides that an issuer must obtain the prior approval of its Shareholders in general meeting for, *inter alia*, the issue of Shares, except where a general mandate for such issue has been approved by its Shareholders in general

meeting. Bye-law 12(A) of the Bye-laws provides that, *inter alia*, that any issue of Shares, the aggregate of which would exceed the limits set out in any general authority granted by the Shareholders to the Directors to issue shares, shall be subject to the approval of the Shareholders in general meeting.

The purpose of this Circular is to provide Shareholders with the relevant information for the purposes of seeking Shareholders' approval for the Proposed Capital Reorganisation and the Proposed Placement at the SGM. This Circular sets out the information relating to and the reasons for the Proposed Capital Reorganisation and the Proposed Placement as set out in the notice of SGM on page 27 of this Circular.

2. DETAILS OF THE PROPOSED CAPITAL REORGANISATION AND THE PROPOSED PLACEMENT

2.1 The Proposed Capital Reorganisation

As at the Latest Practicable Date, the authorised Share capital of the Company is HK\$175,000,000 divided into 2,500,000,000 Shares of par value HK\$0.07 each, of which 1,771,256,080 Shares of par value HK\$0.07 each have been issued and fully paid-up.

As at the Latest Practicable Date, the issued and paid up share capital of the Company would be approximately HK\$123,987,925.60 divided into 1,771,256,080 Shares.

The Directors have proposed to undertake a capital reorganisation of the Share capital of the Company (the "**Proposed Capital Reorganisation**"), effective on the Effective Date, which involves the following:

Share Consolidation

- (a) every forty (40) issued and unissued shares of par value HK\$0.07 each in the share capital of the Company will be consolidated into one (1) consolidated share of par value HK\$2.80 (each a "**Consolidated Share**") (the "**Proposed Share Consolidation**") and if it shall happen that any person shall become entitled to fractions of a Consolidated Share, such fractions will be aggregated and dealt with in accordance with the Bye-Laws and all applicable laws in the manner set out in Section 5.2 below;

Capital Reduction

- (b) subject to and forthwith upon the Proposed Share Consolidation having become effective, (i) the issued share capital of the Company will be reduced from HK\$123,987,925.60 to HK\$4,428,140.20 by cancelling the paid-up capital of the Company to the extent of HK\$2.70 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$2.80 to HK\$0.10 (the "**Issued Share Capital Reduction**"); and (ii) the authorised share capital of the Company will also be reduced by reducing the par value of all Consolidated Shares from HK\$2.80 each to HK\$0.10 each resulting in the reduction of the authorised share capital of the Company from HK\$175,000,000 divided into 62,500,000 Consolidated Shares of par value HK\$2.80 each to HK\$6,250,000 divided into 62,500,000 shares of par value HK\$0.10 each (together with the Issued Share Capital Reduction, the "**Capital Reduction**");

Capital Increase

- (c) forthwith upon the Proposed Capital Reduction becoming effective, the authorised share capital of the Company will be increased from HK\$6,250,000 divided into 62,500,000 shares of par value HK\$0.10 each to HK\$175,000,000 divided into 1,750,000,000 shares of par value HK\$0.10 each by the creation of 1,687,500,000 shares of par value HK\$0.10 each (“**Capital Increase**”); and

Credit to contributed surplus account

- (d) The credit amount arising from the Issued Share Capital Reduction will be transferred to the contributed surplus account of the Company and the Directors will be authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-Laws of the Company and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company).

Section 46(2)(b) of the Bermuda Companies Act provides that no company shall reduce its share capital if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.

As at the Latest Practicable Date, the Directors are of the opinion that, there are no reasonable grounds for believing that, on the Effective Date, the Company is, or after the Proposed Capital Reorganisation would be, unable to pay its liabilities as they become due.

Upon the Proposed Capital Reorganisation becoming fully complete and effective, there will be no change in the percentage level of shareholding of each Shareholder as a result of the Proposed Capital Reorganisation. The New Shares of par value HK\$0.10 each will rank *pari passu* in all respects with each other. Other than the expenses incurred in relation to the Proposed Capital Reorganisation, which are not expected to be significant, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company.

The Proposed Capital Reorganisation will not involve the reduction of any liability in respect of the unpaid capital or the payment to any Shareholders of any fully paid-up share capital of the Company. As at 31 March 2014, the net equity position of the Company before and after the Proposed Capital Reorganisation is HK\$102,210,000 and HK\$102,210,000 respectively. As at 31 December 2014, the net equity position of the Company before and after the Proposed Capital Reorganisation is HK\$112,404,000 and HK\$112,404,000 respectively. The amount of credit arising from the Proposed Capital Reduction will be transferred to the contributed surplus account of the Company, and this will have no impact on the net equity position of the Company.

The Proposed Capital Reorganisation will also not result in a return of capital or cash to Shareholders.

The terms of the Proposed Capital Reorganisation does not contravene any laws and regulations governing the Company and the Bye-Laws of the Company.

2.2 Proposed Placement

On 18 December 2014, the Company had entered into Placement Agreements, whereby the Placees have agreed to subscribe for the following respective amounts of new ordinary shares in the capital of the Company (“**Placement Shares**”) (totaling 20,000,000 new Placement Shares) at the issue price of S\$0.32 per Placement Share, subject to and upon the terms of the Placement Agreements:

Name of Placee	Number of Placement Shares	Details on how the Placee was identified	Background and rationale for the Placee’s subscription of the Placement Shares
Deng Jiaoyan	5,000,000	Introduced through Xu Haimin, who approached the placee, a long-term business contact, as a potential investor. There was no introducer fee.	Deng Jiaoyan is currently and has been an accountant at Chongqing Kangzhongwang Pharmaceutical Company since 2009. From 2005 to 2009, she was an accountant at Chongqing Ba County Grain Bureau. She has invested in the Placement Shares for private investment purposes.
Li Xiaomin	5,000,000	Introduced through Paul Gao, who approached the placee, a long-term business contact, as a potential investor. There was no introducer fee.	Li Xiaomin is currently and has been a Technician of Jiangsu Province Television Station since 2007. From 2003 to 2006, he was a Sales Manager of HongKong Panda Technology Company. He has invested in the Placement Shares for private investment purposes.
Tian Heng	5,000,000	Introduced through Xu Haimin, who approached the placee, a long-term business contact, as a potential investor. There was no introducer fee.	Tian Heng is currently and has been a freelance investor since 2007. From 2001 to 2006, he was a Sales Manager of Sichuan Zhonlin Technology Limited. He has invested in the Placement Shares for private investment purposes.
Zhu Lin	5,000,000	Introduced through Xu Haimin, who approached the placee, a long-term business contact, as a potential investor. There was no introducer fee.	Zhu Lin is currently and has been retired since 2007. From 1986 to 2007, she was a Director of Human Resource Department of Sichuan Xuhua Pharmaceutical Company. From 1977 to 1986, she was working as a front line Director for Chengdu Forth Cotton Plant. She has invested in the Placement Shares for private investment purposes.

Paul Gao had also approached 2 other potential investors, who had declined the investment opportunity.

The Proposed Placement is conditional upon the completion of the Proposed Capital Reorganisation. The volume weighted average price for trades done on the Shares of the Company on the SGX-ST for the full market day on 18 December 2014 (being the date on which the Placement Agreements were signed) was S\$0.0089, and the Company's 6-month volume weighted average share price up until the Latest Practicable Date is S\$0.0083 (based on the total value of shares traded of \$2,210,975 and the total volume of shares traded of 265,127,400 shares). Assuming that the completion of the Proposed Capital Reorganisation in the manner set out in Section 2.1 above takes place, the volume weighted average price for trades done on the Shares on the SGX-ST for the full market day on 18 December 2014 (being the date on which the Placement Agreements were signed) is estimated to be S\$0.356, and the Company's 6-month volume weighted average share price up until the Latest Practicable Date is S\$0.334 (based on the total value of shares traded of \$2,210,975 and the total volume of shares traded of 6,628,185 shares). As such, assuming the completion of the Proposed Capital Reorganisation in the manner set out in Section 2.1 above, the issue price of S\$0.32 for each Placement Share would represent a discount of 10.11% to the estimated post-reorganisation volume weighted average price of S\$0.356 for trades done on the Shares of the Company on the SGX-ST for the full market day on 18 December 2014 (being the date on which the Placement Agreements were signed). As such, specific shareholder approval is being sought for the Proposed Placement.

The Placees have no connection (including business relationships) with the Company, its Directors and substantial shareholders. Under the terms of the Placement Agreement, each Placee has represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that they are not acting in concert with any other Placee or shareholder of the Company in relation to the Shares. The Placees will not be holding the Placement Shares in trust as a nominee for any entity or person. The Placees also do not know and are not related to one another.

None of the Placees are interested persons under Chapter 9 of the Listing Manual of the SGX-ST, and the Proposed Capital Reorganisation will not constitute an "interested person transaction" under the Listing Manual of the SGX-ST. None of the Placees will be appointed or have a nominee(s) appointed onto the Company's Board of Directors following completion of the Proposed Placement. The Placement Agreements are not inter-conditional.

Assuming the completion of the Proposed Capital Reorganisation in the manner set out in Section 2.1 above, when completed, the Proposed Placement will increase the issued and paid up share capital of the Company by 20,000,000 Shares and will represent (i) approximately 45.17% of the existing issued and paid-up share capital of the Company as at the Latest Practicable Date; and (ii) approximately 31.11% of the enlarged issued and paid-up share capital of the Company after the issue of the Placement Shares. The Placement Shares when issued and fully paid will rank *pari passu* in all respects with the Consolidated Shares of the Company except for any dividends, rights, allotments, distributions or other entitlements the Record Date of which falls on or before the date of issue.

The Placement is being made in reliance on the exemption provided under Section 272B of the Securities and Futures Act. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

Under the Placement Agreements, each of the Placees have undertaken not to sell, transfer, assign, dispose or realise or otherwise reduce any interests in or create any encumbrance over the Placement Shares for a period of six months from the date of completion of the Proposed Placement.

The terms of the Proposed Placement does not contravene any laws and regulations governing the Company and the Bye-Laws of the Company.

3. CONDITIONS PRECEDENT

3.1 Proposed Capital Reorganisation

The implementation of the Proposed Capital Reorganisation is subject to, *inter alia*, the following:

- (a) approval of the Shareholders for the Proposed Capital Reorganisation by way of a special resolution at the SGM, that is to say, the Proposed Capital Reorganisation has to be approved by a majority of not less than three-fourths (3/4) of the votes cast by the Shareholders, being entitled so to do, present and voting at the SGM (either voting in person or by duly authorized corporate representative or by proxy) of which not less than twenty-one (21) clear days' notice shall have been given;
- (b) compliance with relevant legal procedures and requirements under Bermuda laws and Singapore laws (if any) to effect the Proposed Capital Reorganisation, including but not limited to the publication of a notice in an appointed newspaper in Bermuda at a date not more than thirty (30) days and not less than fifteen (15) days before the Effective Date as required under Section 46 of Bermuda Companies Act; and
- (c) the receipt of all necessary approvals (if any) from regulatory authorities, as may be required in respect of the Proposed Capital Reorganisation.

Shareholders may wish to note that Bermuda law does not require any application to the Bermuda courts for the purpose of the Proposed Capital Reorganisation.

On 12 May 2015, the Company had obtained in-principle approval from the SGX-ST for the listing and quotation for the Consolidated Shares on the Mainboard of the SGX-ST subject to, *inter alia*, Shareholders' approval at a special general meeting to be convened. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, the Shares, the Proposed Share Consolidation or the Consolidated Shares.

An announcement will be made by the Company to notify Shareholders of the Effective Trading Date as well as the Books Closure Date in due course.

3.2 Proposed Placement

The Proposed Placement is conditional upon:

- (a) approval in-principle for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST and, where such approval is subject to conditions, such conditions being acceptable to the Company and, to the extent

that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;

- (b) the approval of the Directors and Shareholders of the Company (where necessary) being obtained in respect of the transactions contemplated by the Placement Agreement including but not limited to the issue and allotment of the Placement Shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the parties hereto;
- (c) the approval of SGX-ST (if necessary) being obtained in respect of the transactions contemplated by the Placement Agreement;
- (d) there not having been any event or discovery of any fact or circumstance which would affect, render untrue, incorrect or inaccurate or give rise to a material breach in any respect of any of the representations, warranties, agreements or undertakings on the part of each of the Placees contained or referred to in the respective Placement Agreements deemed to be repeated on each day hereafter, down to the date of completion of the Proposed Placement in all respects with reference to the facts and circumstances existing on each such day;
- (e) the subscription, issue and allotment, and offering (if any) of the Placement Shares being in compliance with the Securities and Futures Act in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore, Bermuda or elsewhere which is applicable to the Company and/or the Placees; and
- (f) the completion of the Proposed Capital Reorganisation.

If any of the conditions set forth above is not satisfied on or before six (6) months (or such other later date as the parties may agree) (the “**Long-Stop Date**”) after the date of the Placement Agreement:

- (i) the Company shall refund the issue price received by the Company from the Placee (if any) to the Placee without interest within three (3) market days of the Long-Stop Date; and
- (ii) the Placement Agreement shall *ipso facto* cease and determine thereafter and none of the parties shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise.

On 12 May 2015, the Company had obtained in-principle approval from the SGX-ST for the listing and quotation for the Placement Shares on the Mainboard of the SGX-ST subject to, *inter alia*, Shareholders’ approval at a special general meeting to be convened. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, the Shares, the Proposed Placement or the Placement Shares.

4. RATIONALE

4.1 Rationale for the Proposed Capital Reorganisation

Increase the Trading Price

On 18 September 2014, the SGX-ST announced that the Monetary Authority of Singapore and the SGX-ST have decided to introduce a minimum trading price for Mainboard-listed stocks as a continuing listing requirement to address risks associated with low-priced securities and to improve overall market quality. The SGX-ST intends to set a minimum trading price of S\$0.20 ("**Minimum Trading Price**") for Mainboard stocks. The SGX-ST targets to introduce the minimum trading price requirement and adjustments to the existing watch-list requirements by March 2015, and for these changes to take effect from March 2016.

For the past six (6) calendar months prior to the Latest Practicable Date, the absolute price of the Shares had traded on the Main Board in a range of between S\$0.007 and S\$0.017 in the last six (6) calendar months (on a monthly basis) before the Latest Practicable Date. The highest and lowest market prices for each such month and the transacted volume of the Shares traded on the Main Board for each such month, for the period from 1 November 2014 to the Latest Practicable Date, are as follows:

	Highest Price (S\$)	Lowest Price (S\$)	Volume of traded Shares (' million)
November 2014	0.011	0.007	25.3
December 2014	0.011	0.007	18.2
January 2015	0.011	0.007	87.2
February 2015	0.009	0.006	31.4
March 2015	0.006	0.004	8.9
April 2015	0.010	0.005	42.9

Source: SGX-ST

As illustrated above, the trading price is currently below the Minimum Trading Price. The Proposed Share Consolidation should enable the trading price of the Shares to be approximately S\$0.32, and should enable the Company to be compliant with the Minimum Trading Price requirement.

In addition, as share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), low traded Share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, the low traded Share price may encourage speculation in the Shares, which may result in excessive Share price volatility. The Board therefore believes that the Proposed Share Consolidation may serve to reduce the fluctuation in magnitude of the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

In addition, the Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding. It is expected that, all other things being equal, the theoretical trading price and net tangible assets of each Consolidated Share would be higher than the trading price and net tangible assets of each Existing Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation. The Proposed Share Consolidation may also increase the profile of the Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers.

However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

Facilitate the Proposed Placement

The Shares have been trading between approximately S\$0.007 and approximately S\$0.012 with a volume weighted average price of approximately S\$0.009, which is below the existing par value per Share of HK\$0.07 (equivalent to approximately S\$0.012), during the three (3) months prior to 18 December 2014. Under the laws of Bermuda, shares of a Bermuda company may not be issued for an amount less than the par value of the shares. Immediately after the Proposed Share Consolidation, the trading price of the Shares is likely to be S\$0.32 and the par value of the Shares is likely to be HK\$2.80. As such, the Company will not be able to issue the Placement Shares at the proposed issue price of S\$0.32 (HK\$1.83) as it will be below the par value of HK\$2.80 immediately after the Proposed Share Consolidation. The Proposed Capital Reduction undertaken as part of the capital reorganisation exercise immediately after the Proposed Share Consolidation will enable the Company to issue the Placement Shares by reducing the par value per Share of the Company to HK\$0.10, enabling the Company to raise monies from the Proposed Placement for working capital purposes.

Greater Flexibility to Issue Shares and Increase Distributable Reserves

It is proposed for Shareholders' approval that the amount of credit of HK\$119,559,785 arising from the Issued Share Capital Reduction (the "**Credit Sum**") be transferred to the contributed surplus account of the Company and that the Directors be authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-Laws and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company). The crediting of the Credit Sum to the contributed surplus account of the Company would increase the balance in such account. No cash is required to support such increase in the contributed surplus account of the Company. The Directors may apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-Laws and all applicable laws. Section 54(1) of the Bermuda Companies Act provides that "a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than its liabilities.". Bye-Law 148(A) provides that "no dividend shall be declared or paid and no distribution of contributed surplus made otherwise than in accordance with the Statutes. No dividends shall be paid otherwise than out of funds available for distribution."

The term "contributed surplus" is defined in Section 54(2) of the Bermuda Companies Act to include "proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company". A company may declare or pay a distribution out of its contributed surplus subject to the Bermuda Companies Act.

As such, the Proposed Capital Reorganisation will (i) provide the Company with greater flexibility to issue new Shares in the future should fund raising opportunities or requirements arise and facilitate corporate actions which may require the issuance of new Shares, and (ii) increase the distributable reserves of the Company, thereby giving the Company greater flexibility in relation to its distributions (whether or not the Company will

make a distribution out of contributed surplus and the timing and amount of distribution to be paid will depend on the Company's earnings, financial position including cash flow position and future capital requirements, future plans and other relevant factors). The whole amount of credit balance of HK\$123,987,925.60 will be available for distribution subject to any relevant restrictions. It is incumbent on the Directors to take into consideration all relevant factors (including but not limited to the Company's overall financial position and its operational needs) before making a distribution recommendation for submission to the Shareholders for their approval.

As at the Latest Practicable Date, Shareholders should note that there are currently no plans to make any distribution out of the increased contributed surplus arising from the Proposed Capital Reorganisation.

4.2 Rationale for the Proposed Placement

The Company wishes to undertake the Proposed Placement to raise working capital for the Company.

The estimated net proceeds from the Proposed Placement, after deducting estimated expenses pertaining to the Proposed Placement of S\$200,000, will be S\$6,200,000. The net proceeds will be used for business investments and working capital purposes. Approximately 85% of the net proceeds will be used for business investments and the remaining 15% of the net proceeds will be used for working capital purposes. Such business investments include future acquisition opportunities in the health food industry in China as may be suitable from time to time.

The Company will make periodic announcements on the utilisation of proceeds from the Placement as and when the funds from the Proposed Placement are materially disbursed and provide a status report on the use of proceeds from the Proposed Placement in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5. **ADDITIONAL INFORMATION ON THE PROPOSED CAPITAL REORGANISATION**

5.1 Updating of Register of Shareholders and Depository Register for the Consolidated Shares of HK\$0.07 each

If the Proposed Share Consolidation is approved by Shareholders at the SGM, Shareholders' entitlements to the Consolidated Shares will be determined on the Books Closure Date, and the Register of Shareholders and the Depository Register will then be updated to reflect the number of Consolidated Shares held by Shareholders. The Consolidated Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

(a) Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the Existing Shares of par value HK\$0.07 in their own names (the "**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares of par value HK\$0.07 each credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than twelve (12) Market Days prior to the Books

Closure Date. After the Books Closure Date, CDP will not accept any Old Share Certificates for deposit.

After the Books Closure Date, CDP will only accept for deposit share certificates for Consolidated Shares (the "**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP must first deliver their Old Share Certificates to the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Service Pte. Ltd at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 for cancellation and issuance of New Share Certificates in replacement thereof as described below.

(b) Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least twelve (12) Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Books Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation. Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Shareholders of the Company.

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

(c) Share Certificates Not Valid for Settlement of Trades on Main Board

Shareholders are reminded that their Old Share Certificates are no longer good for settlement of trading in the Shares on the SGX-ST, as the Company is under a book-entry (scripless) settlement system, but will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on Main Board although they will continue to be prima facie evidence of legal title.

5.2 Trading Arrangements for the Shares and Odd Lots

(a) Trading Arrangements for the Shares

Subject to the approval of the Proposed Share Consolidation by Shareholders at the SGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, forty (40) Existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

(b) Fractional Entitlements and Trading Arrangements for Odd Lots

All fractional entitlements arising upon the completion of the Proposed Share Consolidation will be aggregated and rounded down to the nearest whole number (“**Fractional Aggregated Shares**”), in accordance with the Bye-Laws and all applicable laws. Affected Shareholders will not be paid for the fractional shares that are aggregated, cancelled and/or not issued. The Company intends to issue the Fractional Aggregated Shares to Yip Pui Yin, an employee of the Company, after they have been aggregated. In connection thereto, Yip Pui Yin has executed an undertaking for the Fractional Aggregated Shares to be sold to the public or to such persons as the Company may direct at the market price of the Fractional Shares or at such other price as the Company may approve, and for the proceeds of the sale to be returned to the Company.

The Existing Shares are currently traded in board lots of 100 Shares in the ready market. Odd lots will be created pursuant to the completion of the Proposed Capital Reorganisation. Following the completion of the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of the Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares).

Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST can trade with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. A temporary trading counter will be opened for a period of 2 months, and the unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares in the ready market.

5.3 Adjustments in respect of the Options

The Company does not have existing Options under the Scheme. On 8 January 2015, the Company announced that it has on 8 January 2015 cancelled (the “**Cancellation**”) the following options in connection with the Scheme:

- (a) The options granted to Li Xue Feng on 10 April 2007 and accepted on 10 April 2007 to subscribe for and be allotted 3,000,000 ordinary shares in the capital of the Company, such option being exercisable at an exercise price of S\$0.297 per ordinary share, pursuant to the Scheme; and

- (b) The options granted to Xu Peng on 10 April 2007 and accepted on 10 April 2007 to subscribe for and be allotted 300,000 ordinary shares in the capital of the Company, such option being exercisable at an exercise price of S\$0.297 per ordinary share, pursuant to the Scheme.

In connection with the Cancellation, the Company has paid Li Xue Feng an aggregate consideration of HK\$10.00 and Xu Peng an aggregate consideration of HK\$1.00. Each of Li Xue Feng and Xu Peng had also agreed to release and discharge the Company from all rights owed to them (whether under common law, equity or otherwise) in respect of their outstanding share options.

5.4 Adjustments in respect of the Incentive Shares

The Company does not have existing Incentive Shares under the Incentive Share Scheme.

5.5 Warrants and Other Convertible Securities

Save as set out in Sections 5.3 and 5.4 above, the Company does not have existing warrants or other convertible securities.

6. FINANCIAL IMPACT

6.1 Financial Effects of the Proposed Capital Reorganisation

For illustrative purposes only, the financial position of the Company and its subsidiaries (the “Group”) are set out below.

(a) Share Capital

The effects of the Proposed Capital Reorganisation on the share capital of the Group as at 31 March 2014 are follows:

	Before Proposed Capital Reorganisation (as at 31 March 2014)	After Proposed Capital Reorganisation
Authorised Share Capital		
Number of Shares ('000)	2,500,000	1,750,000
Par Value (HK\$)	0.07	0.10
Total (HK\$'000)	175,000	175,000
Issued and Paid-up Capital		
Number of Shares ('000)	1,760,730	44,018
Par Value (HK\$)	0.07	0.10
Total (HK\$'000)	123,251	4,402

(b) Shareholders' Funds and Reserves

The Shareholders' funds and reserves of the Group before and after the Proposed Capital Reorganisation (based on the latest audited consolidated financial statements of the Group as at 31 March 2014) are as follows:

	Before Proposed Capital Reorganisation (HK\$'000) (as at 31 March 2014)	After Proposed Capital Reorganisation (HK\$'000)
Share capital	123,251	4,402 ⁽²⁾
Contributed surplus ⁽¹⁾	-	118,849 ⁽³⁾
Share premium	267,634	302,775
Capital reserve	-	-
Foreign currency translation reserve	917	917
Share-based compensation reserve	3,368	3,368
Share option reserve	-	-
Retained earnings	(319,432)	(319,432)
Shareholders' Funds	-	-

Notes:

- (1) The contributed surplus was created because the reduction in par value of the shares did not result in any return of capital to shareholders. Accordingly the capital remained intact but it has been presented with a reduced par value share capital and a corresponding increase in contributed surplus.
- (2) This is calculated by multiplying the number of Consolidated Shares (assuming completion of the Proposed Capital Reorganisation at 31 March 2014) by the par value of the Consolidated Shares after the Proposed Capital Reorganisation.
- (3) This is calculated by subtracting the issued and paid-up share capital of the Company after the Proposed Capital Reorganisation (assuming completion of the Proposed Capital Reorganisation at 31 March 2014) from the rounded issued and paid-up share capital of the Company before the Proposed Capital Reorganisation.

The Shareholders' funds and reserves of the Group before and after the Proposed Capital Reorganisation (based on the Group's latest unaudited financial results for the third quarter ended 31 December 2014) are as follows:

	Before Proposed Capital Reorganisation (HK\$'000) (as at 31 December	After Proposed Capital Reorganisation (HK\$'000)
--	---	---

	2014)	
Share capital	123,988	4,428 ⁽²⁾
Contributed Surplus ⁽¹⁾	-	119,560 ⁽³⁾
Share premium	268,138	302,775
Capital reserve	-	-
Foreign currency translation reserve	1,645	1,676
Share-based compensation reserve	3,368	3,368
Share option reserve	-	-
Retained earnings	(315,492)	(316,021)
Shareholders' Funds	-	-

Notes:

- (1) The contributed surplus was created because the reduction in par value of the shares did not result in any return of capital to shareholders. Accordingly the capital remained intact but it has been presented with a reduced par value share capital and a corresponding increase in contributed surplus.
- (2) This is calculated by multiplying the number of Consolidated Shares (assuming completion of the Proposed Capital Reorganisation at 31 December 2014) by the par value of the Consolidated Shares after the Proposed Capital Reorganisation.
- (3) This is calculated by subtracting the issued and paid-up share capital of the Company after the Proposed Capital Reorganisation (assuming completion of the Proposed Capital Reorganisation at 31 December 2014) from the rounded issued and paid-up share capital of the Company before the Proposed Capital Reorganisation.

(c) Net Tangible Assets, Earnings and Gearing

Save for the costs and expenses relating to the Proposed Capital Reorganisation, which are not expected to be significant, the implementation of the Proposed Capital Reorganisation will not have any effect on the net tangible assets, earnings and gearing of the Group. No capital will be returned to Shareholders and there will be no change in the number of Shares held by Shareholders immediately after the Proposed Capital Reorganisation.

The proforma analysis above has been prepared solely for illustrative purpose only and does not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and the Group immediately after the completion of the Proposed Capital Reorganisation.

6.2 Financial Effects of the Proposed Placement

For illustration purposes only, the table below sets out the financial effects of the Proposed Placement based on the following bases and assumptions:-

- (i) The audited consolidated financial statements of the Company for the financial year ended 31 March 2014;
- (ii) The financial impact on the consolidated net tangible assets ("NTA") per Share of the Company is computed based on the assumption that the Proposed Placement was completed on 31 March 2014 and in relation to the Company's consolidated earnings per Share ("EPS"), computed based on the assumption that the Proposed Placement was completed on 1 April 2013; and
- (iii) Completion of the Proposed Capital Reorganisation:

	Before the Proposed Placement	After the Proposed Placement
Share capital		
- Issued and paid up share capital (HK\$'000)	4,402	6,402
- Number of Shares ('000)	44,018	64,018
NTA (HK\$'000)	46,853	84,792
NTA per Share (HK\$)	1.06	1.32
EPS (cents) (1)	2.49	1.71
Profit attributable to equity holders of the Company (HK\$'000)	1,097	1,097
Weighted average number of shares used to calculate diluted earnings	44,018	64,018

Note: (1) EPS is calculated by dividing the Company's consolidated net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares.

The financial effects of the Proposed Placement on the Company and the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Proposed Placement.

7. CHANGES IN SHAREHOLDING STRUCTURE

7.1 Changes in respect of the Proposed Capital Reorganisation

Based on the issued share capital of the Company as at the date hereof, the following table sets out the impact on the percentage shareholding of existing Shareholders following completion of the Proposed Capital Reorganisation (but not the Proposed Placement):

	As at the date hereof						After the Capital Reorganization					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Substantial Shareholders												
Paul Gao Xiangnong	263,894,200	14.9	-	-	263,894,200	14.9	6,570,355	14.9	-	-	6,570,355	14.9
Notes:												
(1) Based on the issued share capital of 1,771,256,080 Shares before the Proposed Capital Reorganisation (but before the Proposed Placement).												
(2) Based on the issued share capital of 44,281,402 Shares after the Proposed Capital Reorganisation (but before the Proposed Placement).												

7.2 Changes in respect of the Proposed Placement

The Placement Shares will collectively represent approximately 31.12% of the enlarged issued and paid-up share capital of the Company after the completion of the Proposed Capital Reorganisation and the Proposed Placement. Based on the issued share capital of the Company as at the date hereof, the following table sets out the impact on the percentage shareholding of existing Shareholders following completion of the Proposed Capital Reorganisation and the Proposed Placement:

	As at the date hereof (Assuming completion of the Proposed Capital Reorganisation)						After the Proposed Placement					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Substantial Shareholders												
Paul Gao Xiangnong	6,597,355	14.9	-	-	6,597,355	14.9	6,597,355	10.3	-	-	6,597,355	10.3
PLACEES												
Deng Jiaoyan	-	-	-	-	-	-	5,000,000	7.8	-	-	5,000,000	7.8
Li Xiaomin	-	-	-	-	-	-	5,000,000	7.8	-	-	5,000,000	7.8
Tian Heng	-	-	-	-	-	-	5,000,000	7.8	-	-	5,000,000	7.8
Zhu Lin	-	-	-	-	-	-	5,000,000	7.8	-	-	5,000,000	7.8
Notes:-												
(1) Based on the issued share capital of 44,281,402 Shares before the Proposed Placement and after the Proposed Capital Reorganisation.												
(2) Based on the issued share capital of 64,281,402 Shares after the Proposed Placement and after the Proposed Capital Reorganisation.												

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Company as at the Latest Practicable Date, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, are as follows:-

	← Number of Shares →			% of the issued Share capital of the Company
	Direct interest	Deemed interest	Total interest	
Directors				
Paul Gao Xiangnong	263,894,200	-	263,894,200	14.9%
Xu Haimin,	-	-	-	-
Li Xuefeng	-	-	-	-
Neo Chee Beng	-	-	-	-
Ng Poh Khoon	-	-	-	-
Substantial Shareholders				

Notes:

- (1) Based on the Company's existing Issued Share Capital of 1,771,256,080 Shares as at the Latest Practicable Date.

Save as disclosed in this Circular in Section 2.2 above, none of the Directors and Substantial Shareholders have any interest, direct or indirect, in the Proposed Capital Reorganisation (other than through their respective shareholdings in the Company). To the best of the knowledge of the Directors, the Company does not have other Substantial Shareholders as at the Latest Practicable Date.

9. DIRECTORS' RECOMMENDATIONS

The Directors, having considered the rationale for the Proposed Capital Reorganisation and the Proposed Placement as set out in Section 4 of this Circular and the financial performance of the Company, are of the view that the Proposed Capital Reorganisation and the Proposed Placement are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary and special resolutions relating to the Proposed Capital Reorganisation and the Proposed Placement.

Shareholders are advised to read this Circular in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his professional adviser.

10. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on page 27 of this Circular, will be held on 8 Jun 2015 at Maxwell Chambers Pte Ltd, Large Room Level 3, 32 Maxwell Road, #03-01, Singapore 069115 on the same date and at the same time and at any adjournment thereof, for the

purpose of considering and, if thought fit, passing with or without any modifications, the ordinary and special resolutions as set out in the Notice of SGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

The Company is incorporated in Bermuda and is subject to the Bermuda Companies Act and Bermuda law. Under the Bermuda Companies Act, only those persons who agree to become shareholders of a Bermuda company and whose names are entered on the Register of Shareholders of such company may be shareholders, with rights to attend and vote at general meetings. Accordingly, Depositors would not be recognised as Shareholders and would not have a right to attend and to vote at general meetings of the Company. In the event that Depositors wish to attend and vote at general meetings of the Company, they would have to do so through CDP appointing them as proxy, pursuant to the Bye-Laws of the Company and the Bermuda Companies Act. In this regard, to enable the Depositors to attend and vote at the SGM, the Company has arranged with the CDP pursuant to the Bye-Laws of the Company as follows:

- (a) arrangements will be made for CDP to appoint each of the Depositors as its proxy/proxies to attend and vote at the SGM in respect of such number of Shares of the Company set out opposite their respective names in the Depository Register as at forty-eight (48) hours before the SGM; and
- (b) if a Depositor is unable to attend the SGM and wishes to appoint a proxy/proxies to attend and vote on his behalf, he should complete, sign and deposit the proxy form (Depositor Proxy Form) as attached to this Circular in accordance with the instructions printed thereon at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 as soon as possible and, in any event, at least forty-eight (48) hours before the time appointed for holding the SGM. A Depositor which is a corporation and which wishes to attend and vote at the SGM must also complete and return the Depositor Proxy Form.

If a Shareholder, who is not a Depositor, is unable to attend the SGM and wishes to appoint a proxy/proxies to attend and vote on his behalf, he should complete, sign and deposit the proxy form (Shareholder Proxy Form) in accordance with the instructions printed thereon at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 as soon as possible and, in any event, at least forty-eight (48) hours before the time appointed for holding the SGM.

The completion and return of a Shareholder Proxy Form by a Shareholder who is not a Depositor or a Depositor Proxy Form by a Depositor shall not preclude him from attending and voting in person at the SGM in place of his proxy.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Capital Reorganisation and the Proposed Placement, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong and the office of the Company's share transfer agent is in Singapore, taking into account that Hong Kong and Singapore are more assessable locations than Bermuda, copies of the Bye-Laws, and the Placement Agreements, will be available for inspection at the principal office of the Company at Room 3606–7, 36/F, AIA Tower, 183 Electric Road, North Point Hong Kong, and the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Service Pte. Ltd at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 during normal business hours from the date of this Circular up to and including the date of the SGM.

LOTTVISION LIMITED

(Registration No.: 32308)
(Incorporated in Bermuda)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of LottVision Limited (the "**Company**") will be held at Maxwell Chambers Pte Ltd, Large Room Level 3, 32 Maxwell Road, #03-01, Singapore 069115 on 8 June 2015 at 10:00am (Singapore time) and at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications the following special resolution.

All capitalized terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the Circular to shareholders of the Company dated 15 May 2015 (the "**Circular**").

SPECIAL RESOLUTION 1: THE PROPOSED CAPITAL REORGANISATION

That, with effect from 9.00 a.m. on 17 June 2015 (Singapore time) or such other time and date as may be determined by the directors of the Company (the "**Effective Date**"):

- (a) every forty (40) issued and unissued shares of par value HK\$0.07 each in the share capital of the Company be consolidated into one (1) consolidated share of par value HK\$2.80 (each a "**Consolidated Share**") (the "**Proposed Share Consolidation**") and if it shall happen that any person shall become entitled to fractions of a Consolidated Share, such fractions may be dealt with in accordance with the Bye-Laws and all applicable laws;
- (b) subject to and forthwith upon the Proposed Share Consolidation having become effective, (i) the issued share capital of the Company be reduced from HK\$123,987,925.60 to HK\$4,428,140.20 by cancelling the paid-up capital of the Company to the extent of HK\$2.70 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$2.80 to HK\$0.10 (the "**Issued Share Capital Reduction**"); and (ii) the authorised share capital of the Company be reduced by reducing the par value of all Consolidated Shares from HK\$2.80 each to HK\$0.10 each resulting in the reduction of the authorised share capital of the Company from HK\$175,000,000 divided into 62,500,000 Consolidated Shares of par value HK\$2.80 each to HK\$6,250,000 divided into 62,500,000 shares of par value HK\$0.10 each (together with the Issued Share Capital Reduction, the "**Capital Reduction**");
- (c) forthwith upon the Capital Reduction becoming effective, the authorised share capital of the Company be increased from HK\$6,250,000 divided into 62,500,000 shares of par value HK\$0.10 each to HK\$175,000,000 divided into 1,750,000,000 shares of par value HK\$0.10 each by the creation of 1,687,500,000 shares of HK\$0.10 each; and
- (d) the credit amount arising from the Issued Share Capital Reduction be transferred to the contributed surplus account of the Company and the Directors be authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-Laws of the Company and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company).

ORDINARY RESOLUTION 2 – APPROVAL OF THE PROPOSED PLACEMENT

That:

- (a) pursuant to Rule 805(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited and Bye-Law 12(A) of the Company's Bye-laws, the allotment and issuance of all shares pursuant to the Proposed Placement be and are hereby approved;
- (b) the entry into and execution of the Placement Agreements be and is hereby ratified, confirmed and approved; and
- (c) the Directors of the Company be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be required or as they may consider necessary or expedient for the purposes of giving effect to the Proposed Placement.

BY ORDER OF THE BOARD
LOTTVISION LIMITED

Paul Gao Xiangnong
Chief Executive Officer
Singapore, 15 May 2015

Notes:

1. If a Shareholder who is not a Depositor (as defined in Section 130A of the Companies Act), is unable to attend the SGM and wishes to appoint a proxy/proxies to attend and vote on his behalf, he could complete, sign and return the proxy form ("**Shareholder Proxy Form**") as attached to the Circular in accordance with the instructions printed thereon. With the exception of the Central Depository (Pte) Ltd. (the "**CDP**") who may appoint more than two proxies, a Shareholder entitled to attend and vote at the SGM who holds two (2) or more shares is entitled to appoint no more than two proxies to attend and vote on his behalf. A proxy need not be a Shareholder.
2. Where a form of proxy appoints more than one proxy (including the case where such appointment results from a nomination by the CDP), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
3. If a Depositor who is an individual and whose name appears in the Depository Register (as defined in Section 130A of the Companies Act) as at a time not earlier than forty-eight (48) hours before the time appointed for the SGM and is unable to attend the SGM personally and wishes to appoint a proxy/proxies to attend and vote on his behalf, he should complete, sign and deposit the proxy form (the "**Depositor Proxy Form**") as attached to the Circular in accordance with the instructions printed thereon.
4. A Depositor who is not an individual can only be represented at the SGM if its nominee is/are appointed as CDP's proxy/proxies. To appoint its nominee/nominees as proxy/proxies of the CDP and to enable its nominee/nominees to attend and vote at the SGM, such Depositor should complete, execute and deposit the Depositor Proxy Form as attached to this Circular in accordance with the instructions at the SGM.
5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its corporate representative at the SGM.
6. To be valid, the Shareholder Proxy Form or the Depositor Proxy Form, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Service Pte. Ltd at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the SGM or at any adjournment thereof. Detailed instructions can be found on the Shareholder Proxy Form and Depositor Proxy Form.
7. The completion and return of a Shareholder Proxy Form by a Shareholder who is not a Depositor, or a Depositor Proxy Form by a Depositor, shall not preclude him from attending and voting in person at the SGM if he wishes to do so, in place of his proxy/proxies.

8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

This Notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Notice including the correctness of any of the statements or opinions made or reports contained in this Notice.