

MEMSTAR TECHNOLOGY LTD
(Incorporated in the Republic of Singapore)
(Company registration no: 197901641K)

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP
SHARE CAPITAL OF LONGMEN GROUP LTD – EXECUTION OF 4th SUPPLEMENTAL AGREEMENT**

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Memstar Technology Ltd. (“**Company**”) refers to the announcements made by the Company on 22 December 2014, 5 February 2015, 6 March 2015, 27 July 2015, 26 August 2015, 9 September 2015 and 30 November 2015 (collectively, the “**Announcements**”), in relation to the proposed acquisition of the entire issued share capital of Longmen Group Ltd (“**Target**”), by way of a proposed reverse takeover of the Company (“**Proposed RTO**”), pursuant to the terms of the sale and purchase agreement dated 20 December 2014 (“**SPA**”) and the 1st, 2nd and 3rd Supplemental Agreements executed in relation thereto, on 5 February 2015, 5 March 2015 and 24 July 2015 respectively.

On 9 September 2015, the Company had announced that the Target was facing challenges in the fund raising activities. The fund raising activities (“**Fund Raising Activities**”) under the 3rd Supplemental Agreement were (i) 1st Tranche Fundraising, comprising the Refundable Deposit of US\$5 million which has been effected; (ii) 2nd Tranche Fundraising of US\$5 million to be raised by the Target; (iii) 3rd Tranche Fundraising of at least US\$30 million to be raised by the Company; and (iv) 4th Tranche Fundraising by way of loan(s) of at least US\$25 million to be raised by the Target.

Accordingly, the Parties have renegotiated terms of the Proposed RTO and have on 30 November 2015, entered into a 4th supplemental agreement (“**4th Supplemental Agreement**”) to revise the terms of the SPA which include reducing the fund raising amount. With the reduction in fund raising amount, the capital expenditure plan of the Target will be reduced and accordingly, the valuation of the Target is lowered. This announcement is to summarise the key terms of the 4th Supplemental Agreement.

On 30 November 2015, the Company had announced that the SGX-ST had granted the Company in its capacity as a cash company, a 6-months extension of time to meet the requirements for a new listing. Please refer to paragraph 6 of this announcement for further details.

Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the Announcements.

2. KEY REVISIONS PURSUANT TO THE 4TH SUPPLEMENTAL AGREEMENT

The key revisions to the SPA effected by the 4th Supplemental Agreement are summarised as follows:

(a) Amendment to Purchase Price

Pursuant to the reduction of the Target’s valuation, the Purchase Price has been amended from US\$323 million to US\$200 million and shall be supported by an

independent valuation report and based on the completion of the 1st Tranche Fundraising and the Memstar Convertible Loan (as defined below).

(b) Amendment to Consideration Shares

In line with the revision of the Purchase Price set out above, the aggregate number of Shares to be issued by the Company as consideration for the Proposed RTO has been amended from 71.17% to 53.76% of the enlarged share capital of the Company, on a fully-diluted basis upon Completion.

(c) Deletion of 2nd Tranche Fundraising

The 2nd Tranche Fundraising of gross proceeds of US\$5 million by the Target is deleted from the SPA.

(d) Deletion of 3rd Tranche Fundraising and Replacement with Memstar Convertible Loan

The 3rd Tranche Fundraising shall be deleted and replaced with the Company executing:

- (i) by no later than 31 December 2015, a legally binding term sheet; and/or
- (ii) by no later than 15 January 2016, a definitive agreement,

acceptable to the Target, for the advance by way of an equity and/or debt and/or hybrid of equity and debt subscription of not less than **US\$20 million** (before deducting any attributable fund raising expenses), with no conditions on disbursement of the subscription monies other than completion of the Proposed RTO and incorporating a schedule for disbursement of the subscription monies that is acceptable to the Catalyst Sponsor, SGX-ST and the Target ("**Memstar Convertible Loan**"). Consent by the Target in relation to the Memstar Convertible Loan shall not be unreasonably withheld.

The Company's obligation shall be subject to the Target complying with its obligations under the 4th Supplemental Agreement and, in particular, delivering to the Company each of the following:

- (i) the NSAI Report or the Revised NSAI Report (as defined below) (as the case may be);
- (ii) the Independent Valuation Report; and
- (iii) the audited and pro forma financial statements,

(e) Deletion of 4th Tranche Fundraising and Replacement with Longmen Loan

The 4th Tranche Fundraising shall be deleted and replaced with the Target executing:

- (i) by no later than 31 December 2015, a legally binding term sheet; and
- (ii) by no later than 15 January 2016, a definitive agreement,

with any financial institution, or reputable third party(ies) acceptable to the Company, the Catalyst Sponsor and the Target, for the advance by way of a loan of gross proceeds of not less than US\$20 million (before deducting any attributable fund raising expenses), with no conditions on disbursement of the loan other than Completion of the Proposed RTO ("**Longmen Loan**"). For the avoidance of doubt, the foregoing consent by the Target and Company shall not be unreasonably withheld.

In the event the Target is unable to fulfil the above, the Target undertakes, warrants and represents to the Company that it shall do and bear all costs in relation to the following:

- (i) to produce, by no later than 28 February 2016, a revised independent qualified person's report by the Netherland, Sewell & Associates, Inc. ("**Revised NSAI Report**"), dated no earlier than 31 December 2015, such that the working capital available to the Target upon completion of the Proposed RTO will be sufficient for the Target's present requirements and for at least 18 months after completion of the Proposed RTO in accordance with the Working Capital Requirement. The Revised NSAI Report will take into account the net proceeds from the Longmen Loan and the net proceeds from Memstar Convertible Loan.

For the avoidance of doubt, the Revised NSAI Report shall be used by the Parties for re-submission to the SGX-ST to achieve a listing of the Enlarged Group on the SGX-ST through the Proposed RTO.

- (ii) take all such steps as may be necessary to revise the South Block ODP such that the terms thereof coincide and/or are consistent with the Revised NSAI Report, in which event, the Parties agree that a corresponding further reduction will be effected to the valuation of the Target.

(f) Deletion of Conditions Precedent to be fulfilled by the Vendors and the Target and Insertion of Covenants of the Vendors and the Target

Several conditions precedents to be fulfilled by the Vendors and the Target have been deleted and inserted as additional covenants of the Vendors and the Target ("**Additional Covenants**"). The Additional Covenants include:

- (i) The Target providing no later than 15 January 2016, satisfactory evidence to the financial adviser, Catalyst Sponsor and the Company that all outstanding taxes, requisite insurance policies, land use right grant agreements, and compliance certificate(s) have been paid, granted and/or obtained, as the case may be, from the relevant PRC authorities and/or organisations.
- (ii) On or before 15 December 2015, an independent qualified person's report dated 30 September 2015 or such later date as required by the SGX-ST;
- (iii) Independent Valuation Report of the Longmen Concessions, issued by an independent valuer acceptable to the SGX-ST, of not less than US\$200 million;
- (iv) the SIC having made a ruling that the Vendors are not concert parties with one another, or the SIC having granted the Vendors and their concert parties a waiver of their obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers arising from the issue of the Consideration Shares, such waiver not having been revoked, repealed or amended, provided always that the Company provide all information to the Vendors for purposes of and to do all things necessary or deemed necessary by the Vendors to enable the Vendors to obtain the SIC approval; and
- (v) The Target delivering and satisfactory documentary evidence to the Company of the delivery of the environmental, energy and safety assessment reports to the relevant PRC authorities.

Several of the Additional Covenants of the Vendors and the Target shall be subject to the Target having raised and received funding of no less than US\$3 million in aggregate.

The Vendors and the Target will not be deemed to be in breach of their obligations under the Additional Covenants if the Vendors and the Target have established that they have used their best endeavours to satisfy their obligations.

(g) Amendment of Refundable Deposit

The Refundable Deposit shall be amended providing that the Refundable Deposit is advanced by the Company to the Target on condition that in the event (i) the Agreement is terminated; or (ii) the Proposed RTO does not complete, subject to the Limitation of Vendor's Liability (as set out below), the Refundable Deposit shall be refunded to the Company in cash or cheque issued in the name of the Company or its nominee within 30 business days from the date of (i) termination of the Agreement, or (ii) 31 January 2017, whichever is the earliest.

(h) Insertion of Reimbursement of Professional Fees

Subject to the Target receiving funding of not less than US\$3 million in aggregate, the Target agrees to pay to the Company up to US\$2 million in cash, comprising US\$500,000 by no later than 15 December 2015 and the balance by no later than 31 December 2015 as reimbursement of professional fees, expenses and/or disbursements incurred to-date by the Company and/or towards payment of further professional fees, expenses and/or disbursements to be incurred by the Company in relation to the RTO.

(i) Amendment to Vendor and Target Warranties

The Vendor and Target Warranties shall be amended by inserting each Vendor and the Target represents, warrants and undertakes to the Company that in the event the Company is delisted by the SGX-ST ("**Delisting**"), each Vendor shall, and shall procure that the Target shall, continue to proceed with the proposed acquisition of the Sale Shares by the Company in consideration for the issue of the Consideration Shares to the Vendors in accordance with the terms of the SPA and the 4th Supplemental Agreement (as the case may be), and continue to seek a listing of the Enlarged Group on the Mainboard or Catalist Board of the SGX-ST as soon as reasonably practical, and on such other terms as may be acceptable to the Catalist Sponsor and the SGX-ST.

Additionally, the Target shall use its best endeavours to procure the delivery of the source data for the Revised NSAI Report to the Catalist Sponsor Company and/or financial advisor(s), if required by any one of them, by 31 December 2015. Such data shall remain strictly confidential and have limited usage purpose of evaluating the contemplated transactions herein.

(j) Amendment to Compliance Placement of Shares:

In line with the revision of the Consideration Shares from 71.17% to 53.76% of the enlarged share capital of the Company, on a fully-diluted basis upon Completion, if the Company is required to undertake a compliance placement on or after Completion, the aggregate percentage shareholding interest of the shareholders of the Target (other than the Company) immediately upon Completion, on a fully-diluted basis, has been amended from 71.17% to 53.76%.

Additionally, the Vendors instruct the Company, on Completion, to issue to Asia Strategy Alliance Holding Ltd ("**ASA**"), the financial advisor to the Target, 5.58% of the aggregate number of Consideration Shares attributable to the Vendors only (excluding any Considerations Shares attributable to the Longmen Loan and/or employees of the Target

who receive shares pursuant to any permitted employee share issue), and the number of Consideration Shares to be issued to the Vendors shall be reduced proportionately.

(k) Deletion and Replacement of Limitation of Vendor's Liability

The limitation of Vendor's Liability pre-completion has been deleted and replaced that in the event liability arises prior to Completion, (i) each Vendor shall be liable, severally and not as a joint obligation, and in proportion of their shareholding as set out in the schedule of the 4th Supplemental Agreement, and (ii) the Target shall be jointly and severally liable, to the Company for the Refundable Deposit, in addition to all damages, claims, losses and expenses incurred by the Company, provided that the total liability of the Vendors and the Target does not exceed the market capitalisation of the Company plus US\$2 million as of 28 November 2014 and provided that in no circumstances shall the Vendors nor the Target be liable for any loss of profits and consequential losses incurred by the Company.

Additionally, in the event the Target unilaterally decides not to proceed to complete the RTO listing (in circumstances where Memstar is not in breach of this Agreement), without the prior written consent of Memstar, the Vendors and the Target shall, issue and/or procure the issuance of new ordinary shares of the Target to the Purchaser amounting to **25%** of the enlarged, fully-diluted shareholding of the Target (as enlarged by such issue and assuming all preference shares are converted) in full and final settlement of all claims of Memstar against the Target and the Vendors arising from such decision not to proceed with the RTO listing, save that, such issuance of the shares shall be in addition to and without derogation from (i) the Refundable Deposit which Memstar is entitled to claim against the Vendors and Target and (ii) the professional fees which Memstar is entitled to claim against the Target, subject to certain conditions.

In line with the amendment of the Purchase Price, as mentioned earlier, the Vendors' limitation of liability post-completion has correspondingly been reduced to 100% of the reduced purchase price for breaches of title-related warranties and to 75% of the reduced purchase price for other breaches.

(l) Amendment to exchange rate

The applicable exchange rates for purposes of the SPA has been revised from "S\$1.00 = RMB4.7" and "US\$1.00 = S\$1.33", to "S\$1.00 = RMB 4.8" and "US\$1.00 = S\$1.38".

(m) Novation of SPA and the 1st, 2nd, 3rd and 4th Supplemental Agreements

In accordance with the SPA, each of the individual vendors, namely, (i) Chan Wing Sham Samuel; (ii) So Sui Pok Phoebe; (iii) Lee Yui Bor; and (iv) Chueng Kwok Kwong (each an "**Individual Vendor**" and, collectively, the "**Individual Vendors**"), has assigned and novated all of their present and future rights, interests, obligations and liabilities in, under and arising out of the SPA, the Supplemental Agreements and 4th Supplemental Agreement to their respective holding companies, namely (i) United Century Enterprise Limited; (ii) Birdsell Investments Ltd; (iii) Havana Global Investments Limited; and (iv) Star Conqueror Limited (each a "**Substitute Vendor**" and, collectively, the "**Substitute Vendors**"), provided that each Substitute Vendor shall be wholly and beneficially held by their respective Individual Vendor.

3. **RULE 1006**

Pursuant to Rule 1015 of the Mainboard Rules, shareholders' approval, amongst others, must be obtained for a "very substantial acquisition" or "reverse takeover" as defined in Chapter 10 of the

Mainboard Rules. Rule 1006 of the Mainboard Rules sets out the computations for relative figures, and where any of the relative figures is 100% or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction is a “very substantial acquisition” or “reverse takeover”.

The relative figures for the Proposed RTO using the bases of comparison set out in Rule 1006 of the Mainboard Rules are as follows:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value	Not applicable to an acquisition of assets
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits.	223% ⁽¹⁾
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares being the last market day preceding the date of the Agreement.	630% ^(2a) / 767% ^(2b)
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	527% ⁽³⁾
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves.	Not applicable (as the Company is not an MOG company)

Notes:

- (1) Based on the unaudited net loss attributable to the equity holders of the Target Group for 1H2015 of US\$(2,038,763) divided by the unaudited net loss attributable to the equity holders of the Company of US\$(916,296) (or S\$(1,237,000) converted at an average exchange rate of US\$1=S\$1.350 for 1H2015) for the six-month period ended 30 June 2015.
- (2a) Based on the Purchase Consideration of US\$194.7 million and the Company’s market capitalisation of approximately S\$40,171,154 (or approximately US\$30,900,888, based on an exchange rate of US\$1.00=S\$1.30 specified in the SPA dated 20 December 2014). The market capitalisation is calculated based on its issued share capital, as at the date of the Announcement, comprising 2,667,407,337 Shares, and the VWAP of its Shares, of S\$0.01506, on 28 November 2014, being the market day preceding the date of the SPA);
- (2b) Based on the Purchase Consideration of US\$194.7 million and the Company’s market capitalisation of approximately S\$35,047,221 (or approximately US\$25,396,537, based on the revised exchange rate set out in para 2(l)). The market capitalisation is calculated based on its issued share capital, as at the date of the Announcement, comprising 3,157,407,337 Shares, and the VWAP of its Shares, of S\$0.0111, on 4 September 2015, being the market day preceding the date of the 4th Supplemental Agreement
- (3) Based on the aggregate new Shares, comprising 16,636,904,024 Consideration Shares to be issued upon completion of the Proposed Acquisition, and the Company’s issued share capital of 3,157,407,337 Shares as at the Latest Practicable Date.

As the relative figures under Rules 1006(c) and 1006(d) of the Listing Manual exceed 100.0% and given that the Completion will result in a change in control of the Company, the Proposed RTO is classified as a “Very Substantial Acquisition” or “Reverse Takeover” and shall be

conditional upon, *inter alia*, the approval of Shareholders at the EGM and the approval of the SGX-ST.

4. FINANCIAL INFORMATION OF THE TARGET GROUP

We set out below a highlight of the unaudited financials of the Target Group for the years ended 31 December 2012, 2013 and 2014 and the 6 months ended 30 June 2014 and 6 months ended 30 June 2015, which were prepared in accordance with IFRS.

Extract of Income Statements

(US\$'000)	Unaudited				
	Financial Year Ended			6 Months Ended	
	31 December 2012	31 December 2013	31 December 2014 ⁽¹⁾	30 June 2014 ⁽¹⁾	30 June 2015 ⁽¹⁾
Other Revenue ⁽²⁾	25	89	-	-	-
(Loss)/ Profit attributable to equity shareholders of the Target Group	(14,710) ⁽³⁾	(23,118) ⁽³⁾	(23,825) ⁽³⁾	(2,849) ⁽³⁾	(2,039) ⁽⁴⁾

Notes

- (1) The Target has extracted coal bed methane from pilot development works at its Hancheng Concession and delivered CBM to PetroChina's pipeline since FY2013. However, the Target did not recognise any revenue during the Period Under Review as (i) the Target does not have an offtake agreement with PetroChina during pilot development and the price of CBM delivered has not been agreed; and (ii) the proportion of ownership of CBM extracted during pilot development has not been agreed with CNPC Group.

The Target will recognise revenue from the sale of CBM, when the amount of revenue can be reliably measured based on specific criteria, including (a) an offtake agreement or sales agreement at specific price to be agreed upon (b) the proportion of ownership of CBM during pilot development to be agreed upon and (c) the average daily production volume reaching specified production levels.

- (2) Other revenue comprised mainly rental income from sub-leasing part of its office to a third party.
- (3) Losses for FY2012 to FY2014 and 1H2014 were due mainly to (a) operating expenses such as employees compensation, and write-off of wells that did not meet commercially justifiable volume due to the complex geological conditions of the respective sites; and (b) finance income and finance costs arising mainly from fair value gain and losses in relation to the Target's preference shares. On completion, all of Target's preference shares will be converted into ordinary shares.
- (4) Loss for 1H2015 was due mainly to operating expenses such as employee compensation, legal and professional fees.

Extract of Balance Sheet

	Unaudited
(US\$'000)	<u>As at 30 June 2015</u>
Current asset	10,944 ⁽¹⁾
Non-current assets	54,977 ⁽²⁾
Total assets	<u>65,921</u>
Current liabilities	114,016 ⁽³⁾
Non-current liabilities	945 ⁽⁴⁾
Total liabilities	<u>114,961</u>
Equity attributable to equity shareholders of the Target Group	(48,393)
Non-controlling interests	(647)
Total equity	<u>(49,040)</u>

Notes

- (1) Current assets comprised mainly cash and cash equivalents and other receivables.
- (2) Non-current assets comprised mainly property, plant and equipment (mainly gas properties including construction of exploration and pilot production wells, and related pilot production costs) and interest in joint ventures.
- (3) Current liabilities comprised mainly convertible and redeemable preference shares, trade payables, other payables and accruals.
- (4) Non-current liabilities comprised mainly provisions for decommissioning costs.

5. FINANCIAL EFFECTS OF THE PROPOSED RTO

The financial effects of the proposed transactions on the share capital, earnings, consolidated NTA are presented based on the financial statements of the Company and of the Target.

5.1 Share Capital

The effect of the proposed transactions on the issued share capital of the Company is as follows:

	No. of Shares on Completion	% on a Fully-Diluted Basis⁽⁴⁾
Share capital of the Company as at the Latest Practicable Date	3,157,407,337	10.20%
Consideration Shares to be issued on Completion ⁽¹⁾	16,636,904,024	53.76%
Shares to be held by existing Memstar shareholders via	11,152,310,707	36.04%

bonus issue, Memstar Convertible Loan Holders, arrangers and advisers		
Enlarged Share Capital after Completion (and on Fully-Diluted Basis)⁽²⁾	30,946,622,068	100.0%

Notes

- (1) In December 2014, Memstar had extended US\$5 million as a refundable deposit to the Target at a pre-money valuation of US\$189 million. Prior to Completion, this will be converted into ordinary shares representing 2.65% of the Target.

Pursuant to the completion of the sale and purchase agreement between Memstar and the Target, Memstar will issue Consideration Shares comprising 16,636,904,024 Shares at S\$0.01615 per share to existing shareholders of the Target, to acquire 97.35% of the Target at US\$194.7 million (equivalent to a purchase consideration of 100% of the Target for US\$200 million).

In aggregate, Memstar will own 100.0% of the Target.

- (2) Fully-diluted basis assumes the conversion of convertible securities on the date of Completion into ordinary shares for illustrative purposes, if any.

5.2 EPS

The financial effect of the Proposed Transactions on the EPS of the Company for the period from 1 January 2014 to 31 December 2014⁽¹⁾, had the Proposed RTO been completed on 1 January 2014, is as follows:

	Before Proposed RTO (Based on the Company's Financials)	Immediately after Completion of the Proposed RTO (on Fully-Diluted Basis) (Based on the Company's and the Targets Financials)
Net (Loss) attributable to equity shareholders of the Company (US\$'000)	(927)	(24,752)
Number of shares in issue	3,157,407,337	30,946,622,068
(Loss) per share (US cents)	(0.029)	(0.080)

Note:

- (1) For the purposes of this announcement, the financial year-end of the Target Group, i.e. the period from 1 January to 31 December is used instead of that of the Company, as the Company intends to change its financial year-end to 31 December in connection with the Proposed RTO to facilitate the preparation of the financial information of the Enlarged Group.

5.3 NTA

The financial effect of the Proposed Transactions on the NTA of the Company the period from 1 January 2014 to 31 December 2014⁽¹⁾, had the Proposed RTO been completed on 31 December 2014, is as follows:

	Before Proposed RTO	Immediately after Completion of the Proposed RTO (on Fully-Diluted Basis)
	(Based on the Company's financials)	(Based on the Company's and the Targets)
NTA attributable to equity holders (US\$'000)	1,784	(44,609)
Number of shares in issue (on Fully-Diluted Basis)	3,157,407,337	30,946,622,068
NTA per Share (US cents)	0.057	0.144

Note:

- (1) For the purposes of this announcement, the financial year-end of the Target Group, i.e. the period from 1 January to 31 December is used instead of that of the Company, as the Company intends to change its financial year-end to 31 December in connection with the Proposed RTO to facilitate the preparation of the financial information of the Enlarged Group.

The above financial effects of the Proposed RTO have been prepared based on the summation of the financials of the Company and the unaudited financials of the Target Group. For the Unaudited Proforma Consolidated Statements of the Enlarged Group ("**Proforma**"), it will be prepared taking into account listing expenses for the Proposed RTO arising as a result of the reverse acquisition under IFRS 2 Share-based payment and other relevant listing expenses. Such Proforma figures will be disclosed in the Circular to be despatched to shareholders when ready.

6. EXTENSION OF TIME FOR CASH COMPANY TO MEET REQUIREMENTS FOR A NEW LISTING

On 30 November 2015, the Company had announced that the SGX-ST had, by way of letter dated 30 November 2015, granted the Company in its capacity as a cash company, a 6-months extension of time to meet the requirements for a new listing, ie: from 30 November 2015 to 31 May 2016. The extension is subject to the following conditions:

- (a) the submission to the SGX-ST of the Proposed RTO application of Longmen Group Ltd by 25 February 2016; and
- (b) the Company providing quarterly updates of key milestones, via SGXNET, on its progress in completing the Proposed RTO by 31 May 2016.

The Company intends to lift the suspension on the trading of its shares after the release of this 4th Supplemental Announcement.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the 4th Supplemental Agreement dated 30 November 2015 will be available for inspection, during normal business hours, at the registered office of the Company, at 11 Kian Teck Drive, Singapore 628828 for a period of three (3) months from the date of this Announcement.

8. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

9. CAUTION IN TRADING

The Directors of the Company would like to advise shareholders that, although the SPA, the 1st, 2nd, 3rd and 4th Supplemental Agreements have been entered into, Completion of the SPA remains subject to the fulfilment of the various conditions precedent as set out in the SPA, as well as the covenants of the Vendors and the Target.

There is no certainty or assurance as at the date of this Announcement that the Proposed RTO will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed RTO and other matters contemplated by this Announcement.

Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests, and exercise caution in dealing or trading their Shares. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Pan Shuhong
Non-Executive Chairman
1 December 2015