
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **New Century Group Hong Kong Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, other licensed corporation, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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NEW CENTURY GROUP HONG KONG LIMITED

新世紀集團香港有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 234)

DISCLOSEABLE AND CONNECTED TRANSACTION

Financial adviser to the Company


Optima Capital Limited

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

Hercules
Hercules Capital Limited

A notice convening a special general meeting of the Company to be held at Plaza 1 & 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 4 July 2014 at 10:00 a.m. is set out on pages 41 to 42 of this circular.

If you are not able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business in Hong Kong at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof if you so wish.

16 June 2014

* For identification purpose only

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DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 23 May 2014 entered into between the Purchaser and the Vendor in relation to the Disposal
“Approx.”	approximately
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than Saturday and Sunday) on which banks are generally open for business in Hong Kong
“BVBR Pte”	BVBR Pte. Ltd., a company incorporated in Singapore
“BVI”	British Virgin Islands
“Company”	New Century Group Hong Kong Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on main board of the Stock Exchange (stock code: 234)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	consideration of HK\$10.0 million for the Sale Shares payable by the Purchaser pursuant to the Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hercules Capital” or “Independent Financial Adviser”	Hercules Capital Limited, a corporation licensed to carry out type 6 regulated activity as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Huang Group”	Huang Group (BVI) Limited, a company incorporated in the BVI with limited liability and indirectly holds (i) the entire equity interests of the Purchaser; and (ii) 59.91% of the equity interests of the Company
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors established to make recommendation to the Independent Shareholders on the terms of the Agreement
“Independent Shareholders”	Shareholders other than New Century Investment Pacific Limited, New Century (Huang’s) Foundation Limited, Mr. Ng (Huang) Cheow Leng, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee and their respective associates
“Indonesia”	the Republic of Indonesia
“Latest Practicable Date”	12 June 2014, being the latest practicable date prior to printing of this circular for ascertaining certain information contain herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premas”	PREMAS Valuers & Property Consultants Pte. Ltd., an independent firm of professional valuer
“Property”	Batam View Beach Resort located in Jalan Hang Lekir Nongsa, East Coast Batam Island, Riau Province of Indonesia
“PT. Horizon”	PT. Horizon Bandar Bahru, a company incorporated in Indonesia
“PT. Dive”	PT. Dive Riau, a company incorporated in Indonesia
“Purchaser”	Castletop Investments Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	two (2) shares of the Target, representing the entire issued share capital of the Target
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at Plaza 1 & 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 4 July 2014 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholders”	holders of the issued Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq m”	square metres
“sq ft”	square feet
“Target”	Smarter Cash Assets Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target and its subsidiaries, including PT. Horizon, PT. Dive and BVBR Pte
“Vendor”	Goodassist Management Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

Throughout this circular, amounts in S\$ have been translated, for illustration only, into HK\$ at the exchange rate of S\$1.0 = HK\$6.16.

LETTER FROM THE BOARD



NEW CENTURY GROUP HONG KONG LIMITED

新世紀集團香港有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 234)

Executive Directors:

Mr. Ng Wee Keat (*Chairman*)

Ms. Sio Ion Kuan (*Deputy Chairman*)

Ms. Ng Siew Lang, Linda (*Chief Operating Officer*)

Ms. Lilian Ng

Ms. Chen Ka Chee

Mr. Yu Wai Man

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 3808, 38th Floor

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

Independent Non-executive Directors:

Mr. Cheung Chun Kwok

Mr. Kwan Kai Kin, Kenneth

Mr. Ho Yau Ming

16 June 2014

To the Shareholders

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 23 May 2014. On 23 May 2014, the Purchaser and the Vendor entered into the Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares at a consideration of HK\$10.0 million.

The Target is an investment holding company and its principal asset is its 50% equity interests in PT. Horizon which in turn owns a resort with beach frontage and a four-star hotel operating in Batam Island, Indonesia.

* For identification purpose only

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Purchaser owned 50% equity interests in PT. Horizon and was indirectly held by Huang Group which was interested in approximately 59.91% of the existing issued share capital of the Company. By virtue of Huang Group's interests in the Purchaser and the Company, the Purchaser is a connected person of the Company and the Disposal constitutes a discloseable and connected transaction of the Company under the Listing Rules. Accordingly, the Disposal is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, (i) 3,455,753,691 Shares were held by New Century Investment Pacific Limited which was ultimately owned by Huang Group under a discretionary trust of which Mr. Ng (Huang) Cheow Leng was the settlor and the trustee and Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng were the discretionary beneficiaries; (ii) 304,640,000 Shares were held by New Century (Huang's) Foundation Limited, a company limited by guarantee being a charitable institution of public character of which Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng were members and members of council of management; and (iii) 269,492,000 Shares, 30,030,000 Shares, 42,000,000 Shares, 26,250,000 Shares, 26,250,000 Shares and 8,400,000 Shares were held by Mr. Ng (Huang) Cheow Leng, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee respectively. New Century Investment Pacific Limited, New Century (Huang's) Foundation Limited, Mr. Ng (Huang) Cheow Leng, five executive Directors, namely, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee, and their respective associates, who in aggregate held 4,195,365,691 Shares, representing approximately 72.74% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the ordinary resolution to be proposed at the SGM for the approval of the Disposal.

The five executive Directors, namely Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee, had abstained from voting on the relevant board resolution regarding the Disposal.

The purpose of this circular is to provide you with (i) details of the Disposal; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Hercules Capital to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; (iv) the valuation report and certificate in respect of the Property; and (v) the notice convening the SGM together with the form of proxy.

THE AGREEMENT

Set out below are the principal terms of the Agreement.

Date:

23 May 2014

Parties:

Vendor: Goodassist Management Limited, a direct wholly-owned subsidiary of the Company

Purchaser: Castletop Investments Limited, an investment holding company and a connected person of the Company

LETTER FROM THE BOARD

Assets to be disposed of:

Pursuant to the Agreement, the assets to be disposed of by the Vendor to the Purchaser are the Sale Shares, representing the entire equity interests in the Target. The Target is an investment holding company and its principal asset is its 50% equity interests in PT. Horizon which in turn owns a resort with beach frontage and a four-star hotel operating in Batam Island, Indonesia.

Consideration:

A consideration of HK\$10.0 million is payable in the following manner:

- (i) as to HK\$2.0 million in cash as deposit which had been paid by the Purchaser upon the signing of the Agreement; and
- (ii) as to HK\$8.0 million, being the balance of the Consideration, shall be paid by telegraphic transfer on the completion of the Disposal.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the unaudited consolidated net liabilities of the Target Group attributable to owners of the Target of approximately HK\$2.3 million as at 31 March 2014 adjusted by a revaluation surplus based on a valuation of the Property of S\$4.6 million as at 31 March 2014 (equivalent to approximately HK\$28.3 million) performed by Premas with reference to the current lease term of 30 years with a further lease extension period of 20+30 years. Based on the legal opinion provided by the legal adviser as to the laws of Indonesian, Ampuan Situmeang & Partners Advocates & Legal Consultants, the current lease term will expire in September 2016 and is extendable for 20 years upon its expiry. A further lease term of 30 years is conditionally extendable upon the expiry of the first lease extended term of the lease. For further details of the lease extension terms, please refer to Note 2 of Appendix I on page 31 of this circular. To the best of the Directors' present knowledge and belief, the Target Group intends to extend the lease term for 20+30 years upon the expiry of the current lease term for continual use of the subject site as a resort hotel and so far as the Directors are aware, no material impediment exists in relation to the extension of the lease term at the current stage. Therefore, the Directors are of the view that using the current lease term and a further lease extension period of 20+30 years as the basis to determine the Consideration is fair and reasonable and would enable the Group to maximise the gain on the Disposal which in turn is in the interests of the Company and the Shareholders as a whole.

The adjusted net asset value of the Target Group attributable to owners of the Target as at 31 March 2014 after taking into account the revaluation surplus of the Property was approximately HK\$8.7 million. The Consideration represents a premium of approximately 14.94% over the adjusted net asset value of the Target Group attributable to owners of the Target as at 31 March 2014.

Condition precedent:

The completion of the Disposal is conditional upon the passing by the Independent Shareholders of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder at the SGM. The condition precedent is not capable of being waived.

LETTER FROM THE BOARD

If the condition set out above is not fulfilled on or before 29 August 2014 or such other date as may be agreed between the Vendor and the Purchaser in writing, the Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Agreement) and the Vendor shall within 10 Business Days upon demand refund the full amount of the deposit (without interest) to the Purchaser.

Completion:

The completion of the Agreement shall take place at 4:00 p.m. on the third Business Day following the date of fulfillment of the condition precedent referred to above, or such other day as may be agreed by the Vendor and the Purchaser.

Upon the completion of the Disposal, the Company will have no interest in the Target Group. As a result, members of the Target Group will cease to be subsidiaries of the Company.

INFORMATION ON THE TARGET GROUP

The Target is an investment holding company incorporated in the BVI with limited liability and is wholly owned by the Vendor. The Target Group is principally engaged in operating resort business and its principal asset is its 50% equity interests in PT. Horizon which in turn owns a resort with beach frontage operating in Jalan Hang Lekir Nongsa, East Coast Batam Island, Riau Province of Indonesia, which comprises a four-star hotel, restaurants and other ancillary buildings including swimming pools and tennis courts. The hotel provides 194 furnished and fully equipped rooms and 18 chalet units.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the financial years ended 31 March 2013 and 31 March 2014 as prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 March	
	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	59	7,070
Loss after taxation	59	7,070

As at 31 March 2014, the unaudited consolidated net liabilities of the Target Group attributable to the owners of the Target was approximately HK\$2.3 million.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Based on the Consideration and the unaudited consolidated net liabilities of the Target Group attributable to the owners of the Target of approximately HK\$2.3 million as at 31 March 2014, it is estimated that, upon the completion of the Disposal, the Group will record a gain on disposal of approximately HK\$11.3 million after expenses as a result of the Disposal.

LETTER FROM THE BOARD

The net proceeds from the Disposal, after deducting expenses attributable to the Disposal of approximately HK\$1.0 million, are estimated to be approximately HK\$9.0 million. The Board intends to apply such net proceeds to general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of cruise ship charter services, hotel operations, property investments and securities trading.

The Target Group has been loss-making in recent years. The Target Group recorded net loss for the financial years ended 31 March 2013 and 31 March 2014 of approximately HK\$59,000 and HK\$7.1 million respectively mainly due to the business competition of the Group with other resort hotels located nearby and the increase in hotel operating costs. The operating margin of the Target Group showed no significant improvement during the past few years and the hotel industry in Indonesia is challenging. The Directors consider that the Disposal provides the Group with an exit opportunity to realize its loss-making investment at a reasonable price and to provide additional working capital for the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Disposal as calculated in accordance with Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Purchaser owned the 50% equity interests in PT. Horizon and was indirectly held by Huang Group which was interested in approximately 59.91% of the existing issued share capital of the Company. By virtue of Huang Group's interests in the Purchaser and the Company, the Purchaser is a connected person of the Company and the Disposal also constitutes a connected transaction of the Company. Accordingly, the Disposal is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, (i) 3,455,753,691 Shares were held by New Century Investment Pacific Limited which was ultimately owned by Huang Group under a discretionary trust of which Mr. Ng (Huang) Cheow Leng was the settlor and the trustee and Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng were the discretionary beneficiaries; (ii) 304,640,000 Shares were held by New Century (Huang's) Foundation Limited, a company limited by guarantee being a charitable institution of public character of which Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng were members and members of council of management; and (iii) 269,492,000 Shares, 30,030,000 Shares, 42,000,000 Shares, 26,250,000 Shares, 26,250,000 Shares and 8,400,000 Shares were held by Mr. Ng (Huang) Cheow Leng, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee respectively. New Century Investment Pacific Limited, New Century (Huang's) Foundation Limited, Mr. Ng (Huang) Cheow Leng, five executive Directors, namely, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee, and their respective associates, who in aggregate held 4,195,365,691 Shares, representing approximately 72.74% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the ordinary resolution to be proposed at the SGM for the approval of the Disposal.

LETTER FROM THE BOARD

The five executive Directors, namely Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee, had abstained from voting on the relevant board resolution regarding the Disposal.

SGM

A notice convening the SGM is set out on pages 41 to 42 of this circular.

A proxy form for use at the SGM is enclosed herewith. If you are not able to attend the SGM, you are requested to complete the proxy form and return it to the Company's principal place of business in Hong Kong at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to give recommendation to the Independent Shareholders on the terms of the Agreement. Hercules Capital has been appointed by the Company as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee as set out on page 11 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM.

Your attention is also drawn to the letter from Hercules Capital as set out on pages 12 to 25 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee on page 11 of this circular after taking into account the advice of Hercules Capital) consider that the terms of the Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM and the letter from the Independent Financial Adviser set out on pages 12 to 25 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

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

Yours faithfully,
By order of the Board
NEW CENTURY GROUP HONG KONG LIMITED
Ng Wee Keat
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.



NEW CENTURY GROUP HONG KONG LIMITED

新世紀集團香港有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 234)

16 June 2014

To the Independent Shareholders

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 16 June 2014 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Agreement and the transactions contemplated thereunder, to advise you as to whether such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Disposal is in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should approve the Agreement and the transactions contemplated therein. Hercules Capital has been appointed as the Independent Financial Adviser to advise us and you in this regard.

We wish to draw your attention to the letter from the Board set out on pages 4 to 10 of the Circular and the letter from the Independent Financial Adviser set out on pages 12 to 25 of the Circular which contains its advice to us and Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder; and the additional information set out in the appendices to the Circular.

Having taking into account, among other things, the principal factors and reasons considered by and the opinion of Hercules Capital as stated in its letter of advice, we consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions completed thereunder.

Yours faithfully,

Independent Board Committee

Cheung Chun Kwok

Kwan Kai Kin, Kenneth

Ho Yau Ming

Independent Non-executive Directors

* For identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

Hercules **Hercules Capital Limited**

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

16 June 2014

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the transactions contemplated under the Agreement, details of which are set out in the letter from the Board contained in the Company's circular dated 16 June 2014 to the Shareholders (the "Circular"), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 23 May 2014, the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares for a consideration of HK\$10.0 million.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, the Purchaser owned 50% equity interests in PT. Horizon and was indirectly held by Huang Group which was interested in approximately 59.91% of the existing issued share capital of the Company. By virtue of Huang Group's interests in the Purchaser and the Company, the Purchaser is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, (i) 3,455,753,691 Shares were held by New Century Investment Pacific Limited, which was ultimately owned by Huang Group under a discretionary trust of which Mr. Ng (Huang) Cheow Leng was the settlor and the trustee and Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng were the discretionary beneficiaries; (ii) 304,640,000 Shares were held by New Century (Huang's) Foundation Limited, a company limited by guarantee being a charitable institution of public

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

character of which Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng were members and members of council of management; and (iii) 269,492,000 Shares, 30,030,000 Shares, 42,000,000 Shares, 26,250,000 Shares, 26,250,000 Shares and 8,400,000 Shares were held by Mr. Ng (Huang) Cheow Leng, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee respectively. New Century Investment Pacific Limited, New Century (Huang's) Foundation Limited, Mr. Ng (Huang) Cheow Leng, five executive Directors, namely, Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee, and their respective associates, who in aggregate held 4,195,365,691 Shares, representing approximately 72.74% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the ordinary resolution to be proposed at the SGM for the approval of the Disposal.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Cheung Chun Kwok, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming, has been established to advise the Independent Shareholders on the terms of the Agreement. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard, in particular as to whether the Disposal is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Company, the Purchaser or their respective associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fee or benefit from the Company or the Purchaser or their respective associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Agreement. Our opinion is

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Disposal, we have considered the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in the provision of cruise ship charter services, hotel operations, property investments and securities trading.

The consolidated financial information of the Group for the six months ended 30 September 2012 and 2013 and the two years ended 31 March 2013, which was extracted from the interim report and the annual report of the Company respectively, is summarized as follows:

	For the six months ended 30 September		For the year ended 31 March	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
– cruise ship charter services	35,439	35,727	71,833	67,140
– hotel operations	9,407	10,402	23,643	20,838
– property investments	9,266	7,712	16,168	14,685
– securities trading	(13,329)	29,460	116,502	(49,199)
	<u>40,783</u>	<u>83,301</u>	<u>228,146</u>	<u>53,464</u>
Profit/(loss) before tax	14,260	69,016	200,387	(3,767)
Profit for the period/year attributable to owners of the Company	<u>7,607</u>	<u>51,970</u>	<u>155,580</u>	<u>17,163</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 September 2013

HK\$'000

(unaudited)

Total assets	1,672,681
Total liabilities	(270,850)
Net assets	1,401,831
Equity attributable to owners of the Company	1,425,145

The revenue of the Group for the year ended 31 March 2013 was approximately HK\$228.1 million, of which approximately 51.1% were derived from the securities trading segment, approximately 31.5% were derived from the cruise ship charter services segment, approximately 10.4% were derived from the hotel operations segment and approximately 7.0% were derived from the property investments segment. The Group recorded an increase of approximately 326.7% in its revenue for the year ended 31 March 2013 as compared to the previous year as the securities trading segment recorded a gain of approximately HK\$116.5 million for the year ended 31 March 2013 while a loss of approximately HK\$49.2 million was recorded for the last year. The investment portfolio of the Group mainly consisted of blue chips stocks in Hong Kong and Singapore. Thus, the recovery in Hang Seng Index and Straits Times Index during the year ended 31 March 2013 has contributed to the good performance in the securities trading segment for the year. With the increased revenue from trading of securities, the gross profit of the Group rose from approximately HK\$14.6 million for the year ended 31 March 2012 to approximately HK\$194.5 million for the year ended 31 March 2013. Despite the decrease in fair value gains on investment properties of approximately HK\$14.8 million, the significant ascent in gross profit and the decrease in fair value losses on cruise ships of approximately HK\$48.4 million led to a profit before tax of approximately HK\$200.4 million for the year ended 31 March 2013 while a loss before tax of approximately HK\$3.8 million was recorded in the previous year. Taking into account the income tax expense of approximately HK\$1.9 million recorded in the current year and income tax credit of approximately HK\$10.8 million recorded in last year, the profit attributable to owners of the Company for the year ended 31 March 2013 and 31 March 2012 was approximately HK\$155.6 million and HK\$17.2 million respectively.

For the six months ended 30 September 2013, the revenue of the Group was approximately HK\$40.8 million, representing a decrease of approximately 51.0% as compared to the previous corresponding period. Such reduction was mainly attributable to the loss of approximately HK\$13.3 million recorded by the securities trading segment for the six months ended 30 September 2013 (a gain of approximately HK\$29.5 million was recorded for the six months ended 30 September 2012). Added with the net foreign exchange loss of approximately HK\$3.6 million recognized in the current period, as compared to a gain of approximately HK\$7.3 million in the last corresponding period, the profit before tax for the six months ended 30 September 2013 amounted to approximately HK\$14.3 million, representing a decrease of approximately 79.3% as compared to the previous corresponding period, and the profit attributable to owners of the Company for the six months ended 30 September 2013 amounted to approximately HK\$7.6 million, representing a decrease of approximately 85.4% as compared to the previous corresponding period.

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As at 30 September 2013, the non-current assets of the Group amounted to approximately HK\$721.1 million, of which approximately HK\$110.5 million were property, plant and equipment and approximately HK\$609.3 million were investment properties, while the current assets of the Group amounted to approximately HK\$951.5 million, which mainly consisted of trade receivables, prepayments, deposits and other receivables of approximately HK\$62.3 million, equity investments at fair value through profit or loss of approximately HK\$385.6 million, bank deposits of approximately HK\$156.1 million and cash and cash equivalents of approximately HK\$345.8 million. The non-current liabilities of the Group amounted to approximately HK\$213.4 million as at 30 September 2013, which mainly included loans advanced from non-controlling shareholders of the Group's subsidiaries of approximately HK\$183.0 million and interest-bearing bank borrowings of approximately HK\$26.5 million. The current liabilities of the Group as at 30 September 2013 amounted to approximately HK\$57.5 million, which mainly comprised interest-bearing bank borrowings of approximately HK\$18.2 million and trade payables, accruals, other payables and deposits received of approximately HK\$36.7 million. As at 30 September 2013, the net assets attributable to owners of the Company amounted to approximately HK\$1,425.1 million.

2. Information on the Target Group

The Target is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by the Vendor. The Target Group is principally engaged in operating resort business and its principal asset is its 50% equity interests in PT. Horizon, which in turn owns a resort with beach frontage operating in Jalan Hang Lekir Nongsa, East Coast Batam Island, Riau Province of Indonesia, which comprises a four-star hotel, restaurants and other ancillary buildings including swimming pools and tennis courts. The hotel provides 194 furnished and fully equipped rooms and 18 chalet units.

The unaudited consolidated financial information of the Target Group, which has been prepared in accordance with Hong Kong Financial Reporting Standards, for the two years ended 31 March 2013 and 31 March 2014 are summarized as follows:

	For the year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Revenue	20,073	23,643
Gross profit	2,315	3,294
Loss before taxation	7,070	59
Loss for the year attributable to owners of the Target	3,533	26

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March
2014
HK\$'000

Total assets	16,552
Total liabilities	(73,945)
Net liabilities	(57,393)
Net liabilities attributable to owners of the Target	(2,340)

The revenue of the Target Group for the year ended 31 March 2014 was approximately HK\$20.1 million, representing a decrease of approximately 15.1% as compared to that of last year. Such decrease was mainly attributable to the depreciation of S\$ and Indonesian Rupiah in which room rates were charged and the reduction in average room rate as a result of keen competition among the resort hotels nearby. The increases in fuel oil price, minimum wages, salary and other related expenses also put pressure on the hotel operating costs and led to the decrease of approximately 29.7% in gross profit of the Target Group. Meanwhile, the administrative expenses increased by approximately HK\$2.4 million to approximately HK\$8.8 million for the year ended 31 March 2014 and the Target Group recognized an impairment loss on property, plant and equipment and foreign exchange loss of approximately HK\$1.2 million and HK\$1.5 million respectively for the year ended 31 March 2014, whereas foreign exchange gain of approximately HK\$1.1 million was recorded for the year ended 31 March 2013. As a result, loss before taxation for the year ended 31 March 2014 amounted to approximately HK\$7.0 million, representing a substantial increase of approximately 118.8 times as compared to the loss of last year, and the net loss of the Target Group attributable to owners of the Target amounted to approximately HK\$3.5 million, representing an increase of approximately 134.9 times as compared to that of last year.

As at 31 March 2014, the non-current assets of the Target Group amounted to approximately HK\$6.2 million, approximately HK\$5.4 million of which were property, plant and equipment, while the current assets of the Target Group amounted to approximately HK\$10.4 million, which mainly comprised inventories of approximately HK\$1.5 million, trade and other receivables, prepayments and deposits of approximately HK\$3.5 million, amounts due from a fellow subsidiary of approximately HK\$2.0 million and bank balances and cash of approximately HK\$3.3 million. The current liabilities of the Target Group, being trade and other payables and accruals, amounted to approximately HK\$21.2 million. The non-current liabilities of the Target Group amounted to approximately HK\$52.7 million, which were loan from the Purchaser. As at 31 March 2014, the net liabilities of the Target Group and net liabilities attributable to owners of the Target amounted to approximately HK\$57.4 million and HK\$2.3 million respectively.

In view of the unsatisfactory performance and unhealthy financial position of the Target Group, the ascending trend on hotel operating costs and keen competition with other resort hotels nearby, the management of the Company considers that the future prospect of the Target Group may not be promising.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Reasons for the Disposal

We noted that continuous losses were recorded by the Target Group during the past few years and the management of the Company advised us that the unsatisfactory performance of the Target Group was mainly attributable to the keen competition among the resort hotels located nearby and the increasing hotel operating cost as a result of the increases in fuel oil price, minimum wages, salary and other related expenses. The management of the Company considers that the operating margin of the Target Group showed no significant improvement during the past few years and the hotel industry in Indonesia is challenging.

According to the statistics released by Badan Pusat Statistik (BPS-Statistics Indonesia), a non-departmental government institution directly responsible to the President of Indonesia and responsible for, among others, providing data to the government and public of Indonesia, the number of visitors per day for Indonesia and Riau Province of Indonesia, where the Property is located, in 2013 were 132,195 and 2,185 respectively, representing an increase of approximately 27.0% and a decrease of approximately 8.3%, respectively, as compared to last year. Meanwhile, the room occupancy rates of classified hotel in Indonesia and Riau Province of Indonesia for the year 2013 were approximately 52.7% and 43.8% respectively, representing a drop of approximately 0.7% and 5.3%, respectively, as compared to the previous year. Pursuant to “Global Hotel Review” published by STR Global, a research company specialized in hotel industry, in May 2014, the room occupancy rate, average room daily rate and revenue per available room for the four months ended 30 April 2014 in Southeast Asia, including Indonesia, recorded a decrease of approximately 3.4%, 0.1% and 3.5%, respectively, as compared to the last corresponding period.

Given that (i) the Target Group recorded losses for the past few years and had net liabilities attributable to owners of the Target of approximately HK\$2.3 million as at 31 March 2014; (ii) the market outlook of the hotel industry in Indonesia is not promising; and (iii) the hotel operating costs, including the labour costs and other related expenses, incurred by the Target Group are increasing continuously, the Directors consider, and we concur with their view, that breakthrough improvement on the performance of the Target Group’s hotel operation business is difficult, although not impossible, to achieve whereas the Disposal can provide the Company with an exit opportunity to realize its investment in the Target Group at a fair price and provide additional working capital to the Group. Therefore, we consider that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Agreement

Pursuant to the Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares, being the entire issued share capital of the Target, for a consideration of HK\$10.0 million, which is payable by the Purchaser as to (i) HK\$2.0 million in cash as deposit, which has been paid by the Purchaser upon the signing of the Agreement; and (ii) the remaining balance of HK\$8.0 million shall be paid by telegraphic transfer upon completion of the Disposal.

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The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the unaudited consolidated net liabilities of the Target Group attributable to owners of the Target of approximately HK\$2.3 million as at 31 March 2014 and the revaluation surplus on the Property attributable to owners of the Target of approximately HK\$11.0 million, calculated based on a valuation of the Property of S\$4.6 million (equivalent to approximately HK\$28.3 million) as at 31 March 2014 conducted by Premas on the basis that the current lease term of 30 years will be further extended for a period of 20+30 years.

We have performed work as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of Premas regarding the valuation of the Property, including interviewing Premas through telephone, as to its experiences in valuing similar properties in Indonesia and independence, reviewing the terms of Premas's engagement, in particular to its scope of work. We noted that its scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by Premas in its valuation report.

We have also reviewed the valuation report of the Property prepared by Premas as set out in Appendix I to the Circular and discussed with Premas regarding the methodology, basis and assumptions adopted in arriving at the valuation of the Property as at 31 March 2014. We noted that profits method of valuation incorporating the discounted cashflow method was adopted by Premas in arriving at the open market value of the Property. Premas estimated the present worth of the future gross receivable incomes through the actual receipts and profits in which the business is being operated. The estimated future working expenses in operating the business and allowances such as the tenant's share were then deducted to derive the residual rent which was capitalized using a discounted cash flow model. Given the nature of use and other particulars of the Property and the lack of comparables of similar properties within the vicinity, Premas considers that the profits method is the most appropriate valuation method in arriving at the valuation of the Property. Moreover, Premas advises us that such approach is in compliance with the standards and guidelines set out in the Valuations Standards and Guidelines on Singapore Institute of Surveyors and Valuers and the HKIS Valuation Standards on Properties (2012 Edition) published by the Hong Kong Institute of Surveyors and in compliance with the requirements as set out in Chapter 5 of the Listing Rules. We also understand from Premas that it has carried out on-site inspections and made relevant enquiries and searches for the purpose of the valuation and no irregularities were noted during the course of the valuation.

Given the valuation methodology applied by Premas is normal and usual among professional asset valuers and is in compliance with the standards published by the Singapore Institute of Surveyors and Valuers and the Hong Kong Institute of Surveyors, we consider that the methodology and basis for determining the valuation of the Property by Premas is appropriate.

We have reviewed and discussed with Premas and the Company about the basis and assumptions for the underlying forecast and are satisfied that such basis and assumptions have been made by the Directors after due and careful enquiry. In the valuation report, the Property was valued with three different values under three different scenarios, in which the lease term of the land on which the Property was erected varies. The Company has adopted the market value of the Property of S\$4.6 million (equivalent to approximately HK\$28.3 million) as at 31 March 2014, prepared based on a lease term of 30 years, commencing from 19 September 1986, with a further lease extension of 50 years from the expiry date of the ongoing lease, for assessing the value of the Target Group.

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We have reviewed the legal opinion dated 12 June 2014 issued by Ampuan Situmeang & Partners Advocates & Legal Consultants and noted that PT. Horizon has a right to extend the lease term for 20 years after the expiry of the current lease term of 30 years. A further extension for 30 years can be applied for after the first lease extension provided that (i) the land will be used as intended or designated; (ii) the requirements applied to get the entitlement rights are well catered by the right holder; and (iii) the land is still in accordance with the spatial plan concerned.

Ampuan Situmeang & Partners Advocates & Legal Consultants was founded in 1992 to provide legal services in Indonesia. It mainly focuses on advisory services in relation to land and property, corporate, commercial, investment and construction, finance and banking, mining, energy and forestry, trademark, patent and copy right and alternative dispute resolution. Its founder has over 25 years of legal practices experience and has been a registered mediator at Batam District Court and an industrial relation arbitrator since 2004 and 2006 respectively. The founder served as a coordinator of consultations or legal counsel at the Bureau of Consultation and Legal Aid of Real Estate of Indonesia for Batam City. In view of the experiences and qualifications of Ampuan Situmeang & Partners Advocates & Legal Consultants, we consider that the advices from Ampuan Situmeang & Partners Advocates & Legal Consultants may be relied upon in formulating our opinion. Based on the above and our understanding from the management of the Company that PT. Horizon has a present intention to extend the lease term of 20+30 years upon the expiration of the current lease term for continual use of the subject site as a resort hotel and there has been no material impediment in relation to the extension of the lease term at the current stage, we consider that it is reasonable and in the interest of the Company to adopt the valuation of the Property of S\$4.6 million (equivalent to approximately HK\$28.3 million), with an assumption that the lease term of the land of the Property will be extended for a total of 50 years after the expiry of the first lease term of 30 years from 19 September 1986 and the Property will continue to be used as a resort hotel, for assessing the value of the Target Group.

In light of the above and the fact that no unusual matters have come to our attention that lead us to believe that the valuation of the Property was not prepared on a reasonable basis, we are of the view that it is fair and reasonable for the Company to take into account the valuation of the Property performed by Premas in assessing the value of the Target Group.

To further assess the fairness and reasonableness of the Consideration, we have considered the commonly adopted comparable approaches in evaluation of a company, namely price-to-earnings approach, dividends approach and net assets approach. However, given the Target Group was loss-making for the two years ended 31 March 2014 and no dividends were declared for the past two years, we consider that the price-to-earnings approach and the dividends approach are not applicable for assessing the value of the Target Group and thus the net assets approach is solely adopted in assessing the value of the Target Group.

Based on the management accounts of the Target, the adjusted unaudited consolidated net asset value of the Target Group attributable to owners of the Target as at 31 March 2014 amounted to approximately HK\$8.7 million, which was calculated based on the consolidated net liabilities of the Target Group attributable to owners of the Target of approximately HK\$2.3 million as at 31 March 2014 and adjusted by the revaluation surplus of the Property attributable to owners of the Target of approximately HK\$11.0 million, which represents the Target's share of the difference between the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

valuation of the Property of S\$4.6 million (equivalent to approximately HK\$28.3 million) and the carrying value of the Property of approximately HK\$6.2 million in the accounts of the Company as at 31 March 2014. Accordingly, the price-to-book ratio (the “PBR”) of the Target Group implied by a consideration of HK\$10.0 million is approximately 1.15 times.

We have compared the PBR of the Target Group implied by the Consideration with those of other comparable companies, which (a) are currently listed on the Stock Exchange; and (b) have over 50% of their turnover derived from the business of hotel operations. Based on the above-mentioned criteria, we have, to our best knowledge, identified twenty-one comparable companies (the “Comparables”) as valuation benchmarks and we consider such Comparables represent an exhaustive list of relevant comparable companies based on the said criteria. Set out in Table 1 is a comparison of the PBR of the Target Group as implied by the Consideration and the Comparables as at the Latest Practicable Date.

Table 1 – PBR of the Comparables and the Target Group

Company name (stock code)	Principal business activities	PBR as at the Latest Practicable Date (times)
Mexan Limited (22)	Hotel operation	0.94
Far East Hotels and Entertainment Limited (37)	Hotel operation, property letting, securities investment and trading and investment holding	0.41
The Hongkong and Shanghai Hotels, Limited (45)	Ownership, development and management of prestigious hotel, commercial and residential properties in Asia, the United States of America and Europe as well as the provision of transport, club management and other services	0.47
Shangri-La Asia Limited (69)	Ownership and operation of hotels and associated properties and the provision of hotel management and related services, leasing of office, commercial, residential and exhibition hall space and serviced apartments	0.78
Regal Hotels International Holdings Limited (78)	Hotel operation and management, hotel ownership through its investment in Regal Real Estate Investment Trust (Regal REIT), asset management of Regal REIT, property development and investment and other investments	0.37

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China Investments Holdings Limited (132)	Property development and investment, hotel operation and investment holding	1.28
Fujian Holdings Limited (181)	Property investment and development, hotel operation and investment holding	1.51
Keck Seng Investments (Hong Kong) Limited (184)	Hotel and club operations, property investment and development and the provision of management services	0.73
Capital Estate Limited (193)	Property investment and development, hotel operation, financial investment and related activities	0.65
Magnificent Estates Limited (201)	Investment and operation of hotels, property investment, property development, securities investment and trading and treasury investment	0.66
Shun Ho Technology Holdings Limited (219)	Investment and operation of hotels, property investment, property development, securities investment and trading and treasury investment	0.23
Shun Ho Resources Holdings Limited (253)	Investment and operation of hotels, property investment, property development, securities investment and trading and treasury investment	0.22
Century City International Holdings Limited (355)	Property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investment including financial assets investments, aircraft ownership and leasing business	0.23
City e-Solutions Limited (557)	Investment holding, the provision of consultancy services and hospitality	0.87

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Paliburg Holdings Limited (617)	Property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investment including financial assets investments, aircraft ownership and leasing business	0.23
Shun Cheong Holdings Limited (650)	Hotel and restaurant operations	1.14
Rosedale Hotel Holdings Limited (1189)	Hotel operation and trading of securities	0.22
Sino Hotels (Holdings) Limited (1221)	Hotel operations and management, club operations and investment holding	0.68
Langham Hospitality Investments Limited (1270)	Own and operate hotels	0.67
Legend Strategy International Holdings Group Company Limited (1355)	Budget hotel operations and provision of hotel consultancy and management services in the PRC	3.57
Dorsett Hospitality International Limited (2266)	Hotel operation, property investment, property development and trading	0.74
	Minimum	0.22
	Maximum	3.57
	Average	0.79
the Target Group	Hotel operation	1.15

Source: the website of the Stock Exchange

As shown in Table 1, the PBRs of the Comparables range from approximately 0.22 times to 3.57 times, with an average of approximately 0.79 times. The implied PBR of the Consideration of approximately 1.15 times falls within the range of the PBR of the Comparables and is higher than the average PBR of the Comparables of approximately 0.79 times.

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The above comparison with the Comparables is for illustrative purposes only as each of the Comparables may not be entirely comparable to the Target Group in terms of market capitalization, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. Therefore, in forming our opinion, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Having considered that the implied PBR of the Consideration falls within the range of the PBR of the Comparables and is higher than the average of the Comparables, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

5. Financial effects of the Disposal

Earnings

The Disposal is expected to result in an one-off gain on disposal of approximately HK\$11.3 million, after expenses, for the Group, calculated based on a consideration of HK\$10.0 million, the unaudited consolidated net liabilities of the Target Group attributable to the owners of the Target of approximately HK\$2.3 million as at 31 March 2014 and the estimated expenses for the Disposal of approximately HK\$1.0 million.

Upon completion of the Disposal, the Company will cease to hold any interest in the Target and the results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

Cashflow

The Group will receive, after deducting expenses attributable to the Disposal of approximately HK\$1.0 million, net cash proceeds of approximately HK\$9.0 million from the Disposal. HK\$2.0 million has been received by the Group upon the signing of the Agreement.

Net asset value

Upon completion of the Disposal, the Target will cease to be a subsidiary of the Company and the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Company. As a gain is expected to be recorded in the Group for the Disposal, the net asset value of the Group is expected to increase after completion of the Disposal.

Gearing and working capital

The Disposal will improve the gearing of the Group (as expressed as the ratio of total liabilities to total assets) as the decrease in assets will be smaller than the decrease in liabilities as a result of the Disposal. Moreover, the Company intends to use the net proceeds from the Disposal as general working capital of the Group. Hence, the working capital of the Group will be enhanced.

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Based on the above analysis, we noted that the Disposal would have a positive effect on the Group's earnings, cash position, net asset value, gearing ratio and working capital.

RECOMMENDATION

Having considered the principal factors and reasons stated above, we are of the view that the Disposal is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favor of the resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,

For and on behalf of

Hercules Capital Limited

Louis Koo

Managing Director

Amilia Tsang

Director

Notes:

1. Mr. Louis Koo has been a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activity since 2003 and has over 20 years of experience in investment banking and corporate finance.
2. Ms. Amilia Tsang has been a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activity since 2003 and has over 15 years of experience in corporate finance, investment and corporate management.

The following is the texts of a letter and a valuation certificate prepared for the purpose of inclusion in this circular received from Premas, an independent professional property valuer in relation to its valuation of the Property as at 31 March 2014.

Premas

PREMAS Valuers & Property Consultants Pte Ltd

Reg No.: 199400520R

Block 750 Oasis, Chai Chee Road

Technopark@Chai Chee #01-01

Singapore 469000

Telephone: +65 6876 6388

Facsimile: +65 6876 6493

16 June 2014

The Directors

New Century Group Hong Kong Limited

Unit 3808, 38th Floor, West Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

Dear Sirs / Madams,

Re: Batam View Beach Resort, Jalan Hang Lekir Nongsa, East Coast Batam Island, Riau Province of Indonesia

1.0 Instructions

We thank you for your instruction to advise on the Market Value of the undermentioned property. Pursuant to your instruction, we have inspected the property on 2 January 2014 and made relevant searches for the purpose of this valuation.

2.0 Basis of Valuation

Notwithstanding the transaction will be between related parties, the basis for this valuation is to determine the open market value of the subject property based on the existing lease term of 30 years commencing from 19 September 1986 with continual use of the subject site as a resort hotel. The term “Market Value” which is intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

We are instructed to determine the market values based on two scenarios:

1. on lease term of 30 years commencing from 19 September 1986 with further lease extension of 20 years from the expiry date of the current lease and continual use of the subject sites as resort hotel; and
2. on lease term of 30 years commencing from 19 September 1986 with further lease extension of 20+30 years from the expiry date of the current lease and continual use of the subject sites as resort hotel.

3.0 Valuation Assumptions

Our valuation had been made based on the following assumptions:

- (a) No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation which might affect our opinion of value. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions, road proposals, drainage proposals, legal impediments and outgoings of an onerous nature which could affect value.
- (b) PT. Horizon Bandar Bahru has provided us with the necessary information to help us with our valuation. All documents provided are deemed correct and complete and that copies of any such documents conform to the originals and that none of these documents have been altered or amended.

4.0 Valuation Methodologies

In arriving at the open market value of the subject property, we have adopted Profits Method of Valuation incorporating the Discounted Cashflow Method.

For the Profits Method of Valuation, we estimate the present worth of the future gross receivable income through the actual receipts and profits in which the business is being operated. The estimated future working expenses in operating the business and allowances such as the tenant's share would then be deducted to derive the residual rent which will be capitalised using a discounted cash flow model.

The forecast is prepared for a 10-year period in which a discount rate is applied to the projection. Then, the cash flow on the 11th year will be capitalised by using an appropriate years purchase and deferred at the discount rate. By calculating all the residual rent and deferred terminal value, we will derive the open market value of the subject property. When land lease extension is involved, the estimated premium to be paid for the lease extension will be deducted from the open market value.

5.0 Title Investigations

We have acquired our information mainly by the owner of the subject property, where necessary, we have made such judgements as we deemed necessary and have found no reason to doubt the veracity of the information as provided which are material to the valuation. Accordingly, we have assumed that all documents provided to us are correct and complete and that copies of any such documents conform to the originals and that none of these documents have been altered or amended.

6.0 Encumbrances

Based on the title documents provided, there seems to be no encumbrances.

7.0 Site Inspection

We have inspected the exterior and, where possible, the interior of the property on 2 January 2014. While due care is exercised in the course of our inspection to note any serious defects, no structural survey or the like will be or has been made. Furthermore, we will not be able to report that the buildings are free from rot, infestations or other defects. The building services are not tested but will be presumed to be in good working order in our valuation preparation. The subject property was inspected by the following valuers:

- (a) Ms. Kwang Heng Lee
Master of Business Administration (Warwick, UK), 1992
Bachelor of Property Administration (Auckland, NZ), 1985
Licensed Appraiser issued under the Appraisers and House Agents Act (Singapore)
Registered Valuer (Valuers Registration Board of New Zealand)
Fellow Member of the Singapore Institute of Surveyors and Valuers
Member of the New Zealand Institute of Valuers
- (b) Mr. Octavianus Oke Limandra
Bachelor of Science (Real Estate) (Singapore), 2011
Licensed Appraiser issued under the Appraisers and House Agents Act (Singapore)
Probationer Member of the Singapore Institute of Surveyors and Valuers

8.0 Valuation Considerations

In valuing the subject property, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Valuation Standards and Guidelines on Singapore Institute of Surveyors and Valuers and the HKIS Valuation Standards on Properties (2012 Edition) published by the Hong Kong Institute of Surveyors.

9.0 Valuation

- (a) Based on lease term of 30 years commencing from 19 September 1986 with continual use of the subject site as a resort hotel,

Open Market Value : S\$1,000,000/-
(As at 31 March 2014) (Equivalent of Approx. HK\$6,100,000/-)

- (b) Based on lease term of 30 years commencing from 19 September 1986 with further lease extension of 20 years from the expiry date of the ongoing lease and continual use of the subject sites as resort hotel,

Open Market Value : S\$4,200,000/-
(As at 31 March 2014) (Equivalent of Approx. HK\$25,900,000/-)

- (c) Based on lease term of 30 years commencing from 19 September 1986 with further lease extension of 20+30 years from the expiry date of the ongoing lease and continual use of the subject sites as resort hotel,

Open Market Value : S\$4,600,000/-
(As at 31 March 2014) (Equivalent of Approx. HK\$28,300,000/-)

10.0 Remarks

We declare that we are independent to the Group and we neither have any present nor any prospective interest in the Group or the appraised property or the value reported.

Unless otherwise stated, all money amounts are stated in Singapore dollars. On careful review and taking into account all factors, we enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
PREMAS Valuers & Property Consultants Pte. Ltd.
Kwang Heng Lee
Master of Business Administration (Warwick, UK), 1992
Bachelor of Property Administration (Auckland, NZ), 1985
Licensed Appraiser (Land & Building)
(Licence No: AD 041.2006441J)
Registered Valuer (Valuers Registration Board of New Zealand)
Fellow Member of the Singapore Institute of Surveyors and Valuers (SISV)
Member of the New Zealand Institute of Valuers (NZIV)
Director

Note: Ms Kwang Heng Lee, FSISV and ANZIV, has been a qualified valuer with 29 years of experience in the valuation of properties in Singapore.

Valuation Certificate

Property held and operated by PT. Horizon Bandar Bahru.

Property	Description	Tenure and particulars of occupancy	Market value in existing state as at 31 March 2014
Batam View Beach Resort, Jalan Hang Lekir Nongsa, East Coast Batam Island, Riau Province of Indonesia	The subject property is a resort development comprise of 3 interconnected buildings, 18 chalets, restaurant building and other ancillary buildings, spread on approx. 98,917 sq m (Approx. 1,064,743 sq ft) of land with a beach frontage of approx. 795 metres. The hotel building located at the subject site has a total gross floor area of approx. 16,010 sq m (Approx. 172,332 sq ft).	The period of the lease is 30 years commencing from 19 September 1986 and will expire on 18 September 2016.	S\$1,000,000/- (Equivalent of Approx. HK\$6,100,000/-)
According to Hak Guna Bangunan No. 100 and HPL No. 06/ Nongsa, the subject land is legally known as 05.07.13.10.3.00100.	The subject property comprises a total of 194 hotel rooms, 18 chalet units, meeting rooms, function rooms, business centre, spa, coffeeshop, gymnasium, foot reflexology, lounge, discotheque, karaoke, retail shops, swimming pool, bars, restaurant, tennis/basketball courts, sports recreation centre, clinic, office, jetty, staffs' dormitories, genset room, security post and pump/locker/laundry rooms.	According to legal opinion, the extension of the lease term is for 20 (twenty) years after the first lease period of 30 years ended. After the extension period of 20 (twenty) years is expired, the renewal can be done for 30 years. As the date of our inspection, the Property was being operated as fully operational hotel.	Market value in existing state as at 31 March 2014 with further extension of 20 years S\$4,200,000/- (Equivalent of Approx. HK\$25,900,000/-)
			Market value in existing state as at 31 March 2014 with further extension of 20+30 years S\$4,600,000/- (Equivalent of Approx. HK\$28,300,000/-)
			See Notes below

Notes:

1. According to the Akta Jual Beli dated 04 May 2001, the legal ownership of the subject property has been transferred from PT. Batamas Resorindo Graha to PT. Horizon Bandar Bahru.
2. The period of the lease is 30 years commencing from 19 September 1986 and will expire on 18 September 2016. Based on information provided, the lease premium for the 30 years had been fully paid by the previous owner.

According to the legal opinion provided by Ampuan Situmeang & Partners Advocates & Legal Consultants as at 12 June 2014, the extension of the lease term is for 20 (twenty) years after the first lease period of 30 years ended. After the extension period of 20 (twenty) years is expired, the renewal can be done for 30 years subject to the following conditions:

- (a) the land will be used as intended or designated;
 - (b) the requirements applied to get the entitlement rights are well catered by the right holder; and
 - (c) the land is still in accordance with the spatial plan concerned.
3. As at the date of valuation, the property is owner-occupied and managed by PT. Horizon Bandar Bahru. According to Hak Guna Bangunan No. 100 and HPL No. 06/Nongsa, the subject land is legally known as 05.07.13.10.3.00100.
4. Notwithstanding the transaction will be between related parties, the basis for this valuation is to determine the open market value of the subject property based on the existing lease term of 30 years commencing from 19 September 1986 with continual use of the subject site as a resort hotel. The term "Market Value" which is intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". We are instructed to determine the market values based on two scenarios:
 - (a) on lease term of 30 years commencing from 19 September 1986 with further lease extension of 20 years from the expiry date of the current lease and continual use of the subject sites as resort hotel; and
 - (b) on lease term of 30 years commencing from 19 September 1986 with further lease extension of 20+30 years from the expiry date of the current lease and continual use of the subject sites as resort hotel.
5. Based on information provided, the subject land is zoned for tourism.
6. We understood that the hotel was completed in 1980's with the superstructure completed earlier in 1970s. Although the hotel is the first resort in Batam, significant improvements have been made since the end of year 2000. In addition, the subject hotel is undergoing various phases of upgrading works throughout the years. As of the date of valuation, the condition of the subject property is average.
7. The subject property is a resort development comprise of 3 interconnected buildings, 18 chalets, restaurant building and other ancillary buildings spread on approx. 98,917 sq m (Approx. 1,064,743 sq ft) of land with a beach frontage of approx. 795 metres. The hotel building located at the subject site has a total gross floor area of approx. 16,010 sq m (Approx. 172,332 sq ft).

The subject property comprises a total of 194 hotel rooms, 18 chalet units, meeting rooms, function rooms, business centre, spa, coffeeshop, gymnasium, foot reflexology, lounge, discotheque, karaoke, retail shops, swimming pool, bars, restaurant, tennis/basketball courts, sports recreation centre, clinic, office, jetty, staffs' dormitories, genset room, security post and pump/locker/laundry rooms.
8. The subject property is located along Jalan Hang Lekir Nongsa, East Coast Batam Island, Riau Province of Indonesia which is less than 35 minutes journey by ferry from the Tanah Merah Ferry Terminal in Singapore. Batam View Beach Resort is a resort development spread over approximately 10 hectares of sprawling coastline. The rustic ambience is enhanced by landscaped gardens, private beach and sweeping views of Batam and the South China Sea. Other resort developments located near the subject site are:
 - North East Side: Seri Nongsa Beach Resort, Nongsa Point Marina
 - South West Side: Puri Jaya Resort
 - South Side: Tering Bay Resort, Montigo Resort

Accessibility from the ferry terminal is by hotel transportation whilst accessibility within the resort is on foot.

9. According to Badan Pusat Statistik (BPS), the number of international tourists that arrive in Batam has improved throughout

the years. BPS is a non-departmental government institution directly responsible to the Indonesian President. BPS provides data to the government and public. The data is derived from its comprehensive statistical activities, comprises of periodic information on structure and growth of economy, social change, and development. In 2013 itself, the number of tourists arrival increased by 9.57%. Some of these numbers can be attributed to Singapore tourists who visit Batam for short get away trips from Singapore. In addition, since 3rd Quarter 2013, the Indonesian Rupiah had depreciated further against the Singapore dollar which might present Batam as a more affordable travel destination. As a result, demand for hotel in Batam might improve further. However, BPS has released a stable occupancy rate of hotel rooms in Riau Province. In Batam context, this could be due to the completion of Montigo Resort recently within the vicinity which increases the supply of hotel rooms.

10. Key assumptions in discounted cash flow analysis

Projection period	:	10 years from the date of valuation <i>A reasonable investment holding period for a typical hotel property based on prevailing property market practise</i>
Component of revenue	:	1. Revenue from rooms and chalet 2. Revenue from food & beverages 3. Revenue from spa & foot reflexology 4. Revenue from rentals 5. Revenue from other income
Component of cost and expenses	:	1. Cost of good sales 2. Labour cost 3. Other expenses 4. Tenant's share
Average room and chalet rate	:	S\$45.00 per room per night and S\$215.00 per chalet per night in year-1 of the projection period. <i>The actual room rates (S\$per room per night) are S\$40.87, S\$43.94 and S\$55.00 while the actual chalet rates are S\$220.89, S\$216.15 and S\$231.29 for financial year ending 31 March 2014, 31 March 2013 and 31 March 2012 respectively. Based on the short term outlook for the hotel market in Batam, reference to subject property's profit and loss statements and the subject hotel's current marketing strategy, the current room and chalet rates are adopted.</i>
Growth of room and chalet rate	:	2.50% growth every year after the first year. <i>The actual growth of room rates are -7.00%, -20.61% and -18.94% while the actual growth of chalet rates are 2.19%, -6.55% and -3.12% for financial year ending 31 March 2014, 31 March 2013 and 31 March 2012 respectively. Even though, the growth rates have been mostly negative for the past years, this can be contributed to the weak currency. The room and chalet rates for subject property are quoted in Singapore dollars. In addition, the Singapore inflation rate was 2.40% in year 2013 and in April 2014, the Singapore inflation rate has moved to 2.5%. We have also based on market source for opinion with regards to hotel properties in Indonesia and it's outlook in the short term. We have also assumed that the subject hotel is being managed efficiently and with best endeavours to improve revenues and reduce expenses without consideration of the cost of business closure or disruption. We expect that the hotel property will generate higher revenues in the medium to long term as there is no foreseeable change in policy or legislation which would have an adverse effect on the overall economy of the region.</i>
Occupancy rate	:	35.00% for hotel and 17.50% for chalet throughout the projection period. <i>The actual room occupancy rates are 33.13%, 32.58% and 33.98% while and actual chalet occupancy rates are 13.00%, 15.81% and 19.90% for financial year end as at 31 March 2014, 31 March 2013 and 31 March 2012 respectively. For this assumption, we have studied the historical occupancy rates of the subject property and considered information from Badan Pusat Statistik. From information that we extracted from Badan Pusat Statistik, the number of tourist arrival has steadily increase over the years while the supply of hotel in the region has also increase over the years. In 2012, the development of Montigo Resort was completed and it increased the competition for resort hotel in the region. Hence, we expect that occupancy rate will be stable throughout the 10-year projection. This projection follows the average historical occupancy rate of hotel in the region which had been stagnant over the past few years.</i>

Tenant's share	:	5.00% of the Total Revenue <i>The tenant's share is the amount which a hypothetical tenant will require out of the business to induce him or her to take the tenancy at the rent as evidenced by the valuation, bearing in mind the capital needed to operate the business and the risk to that capital.</i>
Discount rate	:	9.00% <i>The discount rate reflects the time value of money and a risk premium, representing compensation for the risk inherent in future cash flows that are uncertain. Hence, on arriving in our discount rate we have based on the factors such as 10-year Singapore government bond, 10-year Hong Kong government bond and risk premium for operating the subject property. The 10-year Singapore government bond rate is 2.750% for bond maturing on 1 July 2023. Based on the tender closed on 15 January 2014, the annualized yield rate of 10-year Hong Kong government bond rate is 2.803%. The spread of risk premium is 6.25% above the prevailing 10 year Singapore government bond rate.</i>
Initial yield (for extension of 20 : and 20+30 years)	:	9.25% <i>Initial yield is the annualised rent of the property expressed as percentage of the property value. Hence, the initial yield reflects the same components that are included into the discount rate. Additional risk premium is included to the initial yield to reflect more uncertainties in the future.</i>
Sinking fund	:	3.00% <i>Sinking fund represents the percentage of residual rent set aside every year to prepare for future capital expenditure.</i>
Estimated lease premium for extension of 20 and 20+30 years	:	S\$289,226.70 and S\$723,066.76 respectively. <i>Estimated lease premium for the years of extensions is the sum of the estimated lease premium for land area of the subject property and for its beach frontage. The formulae for each extension are as follows:</i> <i>(a) Formula for estimated lease premium for land area: = (land area* current lease premium rate for 30 years* the years of extension/30) and</i> <i>(b) Formula for estimated lease premium for beach front: = (Length of beach front*20*Current lease premium rate for 30 years* the years of extension/30)</i>

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Interest of the Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in Shares

Directors	Capacity and nature of interest	Number of Shares held	Approximate percentage of the existing issued share capital (%)
Mr. Ng Wee Keat	Direct personal interest	30,030,000	0.52
	Discretionary beneficiary of a trust (<i>Note 1</i>)	3,455,753,691	59.91
	Through controlled corporation (<i>Note 2</i>)	304,640,000	5.28
Ms. Sio Ion Kuan	Direct personal interest	42,000,000	0.73
	Discretionary beneficiary of a trust (<i>Note 1</i>)	3,455,753,691	59.91
	Through controlled corporation (<i>Note 2</i>)	304,640,000	5.28

Directors	Capacity and nature of interest	Number of Shares held	Approximate percentage of interests to the existing issued share capital (%)
Ms. Ng Siew Lang, Linda	Direct personal interest	26,250,000	0.46
	Discretionary beneficiary of a trust (<i>Note 1</i>)	3,455,753,691	59.91
	Through controlled corporation (<i>Note 2</i>)	304,640,000	5.28
Ms. Lilian Ng	Direct personal interest	26,250,000	0.46
	Discretionary beneficiary of a trust (<i>Note 1</i>)	3,455,753,691	59.91
	Through controlled corporation (<i>Note 2</i>)	304,640,000	5.28
Ms. Chen Ka Chee	Direct personal interest	8,400,000	0.15
Mr. Yu Wai Man	Direct personal interest	3,360,000	0.06

Notes:

1. 3,455,753,691 Shares were held by New Century Investment Pacific Limited which is ultimately owned by Huang Group (BVI) Limited under a discretionary trust of which Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng are the discretionary beneficiaries.
2. 304,640,000 Shares were held by New Century (Huang's) Foundation Limited, a company limited by guarantee and a charitable institution of public character of which Mr. Ng Wee Keat, Ms. Sio Ion Kuan, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng are members and members of council of management.

(ii) *Interests in share options*

Share options granted to Directors and other employees which remain outstanding as at the Latest Practicable Date were as follows:

Name or category of participant	Number of share options as at Latest Practicable Date	Date of grant of share options	Exercise period of share options	Exercise prices of share options* <i>HK\$ per Share</i>
Directors				
Mr. Ng Wee Keat	45,000,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	21,000,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
Ms. Sio Ion Kuan	45,000,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	21,000,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
Ms. Ng Siew Lang, Linda	35,000,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	18,000,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
Ms. Lilian Ng	35,000,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	18,000,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
Ms. Chen Ka Chee	25,000,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	16,000,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
Mr. Yu Wai Man	28,000,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	16,000,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
	<u>323,000,000</u>			
Other employees				
In aggregate	40,920,000	21-01-2011	21-01-2011 to 20-01-2021	0.2100
	37,800,000	03-09-2013	03-09-2013 to 02-09-2023	0.1532
Total	<u><u>401,720,000</u></u>			

* *The exercise prices of the share options are subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; and none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests of Substantial Shareholders

So far as is known to any Director or chief executive of the Company and as at the Latest Practicable Date, the following persons, other than the Directors or chief executive of the Company as disclosed above, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital:

(i) Interests in the Company

Shareholders	Number of Shares held	Approximate percentage of interests to the existing issued share capital (%)	Notes
New Century Investment Pacific Limited	3,455,753,691	59.91	1, 3
Huang Worldwide Holding Limited	3,455,753,691	59.91	1
Huang Group (BVI) Limited	3,455,753,691	59.91	1, 2
Mr. Ng (Huang) Cheow Leng	4,029,885,691	69.87	2, 3

Notes:

- Huang Group (BVI) Limited is the ultimate holding company of New Century Investment Pacific Limited. Huang Worldwide Holding Limited is the immediate holding company of New Century Investment Pacific Limited. Accordingly, Huang Group (BVI) Limited and Huang Worldwide Holding Limited were deemed to be interested in a total of 3,455,753,691 Shares.
- Huang Group (BVI) Limited is held by Mr. Ng (Huang) Cheow Leng in his capacity as the settlor and the trustee of a discretionary trust.
- 3,455,753,691 Shares were held by New Century Investment Pacific Limited. 304,640,000 Shares were held by New Century (Huang's) Foundation Limited, while 269,492,000 Shares were held by Mr. Ng (Huang) Cheow Leng. Mr. Ng (Huang) Cheow Leng is one of the members of New Century (Huang's) Foundation Limited. Accordingly, Mr. Ng (Huang) Cheow Leng was deemed to be interested in a total of 4,029,885,691 Shares. New Century (Huang's) Foundation Limited is a company limited by guarantee and a charitable institution of public character.

(ii) *Interests in other members of the Group*

As at the Latest Practicable Date, so far as is known to any director or chief executive of the Company, the following persons (other than the Company, a director or the chief executive of the Company) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Shareholders	Members of the Group	Percentage of the existing issued share capital (%)
Castletop Investments Limited	PT. Horizon Bandar Bahru	50
New Century Cruise Line International Limited	New Century Maritime Limited	40
Huang Realty Limited	Worksmart Profits Limited	20
Ms. Pea Baby	Worksmart Profits Limited	10
Ms. Sio Ion Kuan	Worksmart Profits Limited	10

Save as disclosed above, no other person as at the Latest Practicable Date had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or in any options in respect of such capital.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT AND ASSETS OF THE GROUP

As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group in which any Director was materially interested and which was significant in relation to the business of the Group.

Up to the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which had been proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2013 (the date to which the latest published audited consolidated financial statements of the Company were made up).

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

Save for the information contained in the profit warning announcement of the Company dated 3 June 2014 stating that the financial results of the Group are expected to record a substantial decline in profit for the year ended 31 March 2014 by approximately 80% as compared to that for the year ended 31 March 2013 which was mainly attributable to the fair value losses on the marketable securities for the year ended 31 March 2014, up to the Latest Practicable Date, the Directors had not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013 (the date to which the latest published audited consolidated financial statements of the Company were made up).

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advices which are contained in this circular:

Name	Qualification
Ampuan Situmeang & Partners Advocates & Legal Consultants	legal adviser on property and other matters under the laws of Indonesia
Hercules Capital	a corporation licensed to carry out type 6 regulated activity (advising on corporate finance) as defined under the SFO
Premas	independent professional property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group, nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Up to the Latest Practicable Date, each of the above experts had no direct or indirect interest in any assets which had since 31 March 2013 (the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong from the date of this circular up to and including 4 July 2014, the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Agreement;
- (c) the annual reports of the Company for the years ended 31 March 2012 and 31 March 2013;
- (d) the interim report of the Company for the six months ended 30 September 2013;
- (e) the valuation report and certificate of the Property issued by Premas contained in Appendix I to this circular;
- (f) the written consents of the experts referred to under the section headed "Experts and consents" in this appendix; and
- (g) this circular.

NOTICE OF SPECIAL GENERAL MEETING



NEW CENTURY GROUP HONG KONG LIMITED

新世紀集團香港有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 234)

NOTICE IS HEREBY GIVEN that a special general meeting of New Century Group Hong Kong Limited (the “Company”) will be held at Plaza 1 & 2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 4 July 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the agreement (the “Agreement”) dated 23 May 2014 entered into between Goodassist Management Limited, a direct wholly-owned subsidiary of the Company (the “Vendor”) and Castletop Investments Limited (the “Purchaser”) (a copy of the Agreement has been produced to this meeting marked “A” and signed by the chairman of the meeting for the purpose of identification), pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of Smarter Cash Assets Limited at a consideration of HK\$10.0 million, and all transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient in connection with the Agreement and otherwise in connection with the implementation of the transactions contemplated therein including without limitation the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

By order of the Board

Ng Suet Yi

Company Secretary

Hong Kong, 16 June 2014

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:

Unit 3808, 38th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
3. The instrument appointing a proxy and (if required by the board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's principal place of business in Hong Kong at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the board of directors of the Company comprises Mr. Ng Wee Keat (Chairman), Ms. Sio Ion Kuan (Deputy Chairman), Ms. Ng Siew Lang, Linda (Chief Operating Officer), Ms. Lilian Ng, Ms. Chen Ka Chee and Mr. Yu Wai Man as executive directors and Mr. Cheung Chun Kwok, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming as independent non-executive directors.