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

If you have sold or transferred all your shares in Wai Chun Mining Industry Group Company Limited (the “Company”), you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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偉俊礦業集團有限公司*

Wai Chun Mining Industry Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 660)

**MAJOR AND CONNECTED TRANSACTION
IN RESPECT OF THE DISPOSAL OF
A NON WHOLLY-OWNED SUBSIDIARY**

**Independent financial adviser to the independent board committee and
the shareholders of the Company**



A letter from the independent board committee of the Company is set out on page 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders is set out on pages 18 to 39 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 13 January 2014 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return them to the office of the Company’s share registrar in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

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DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of the Directors
“Business Day”	any day other than a Saturday or Sunday on which banks are generally open for business in Hong Kong throughout their normal business hours
“Century-light Industry”	Century-light Industry Company Limited (青島世展科技有限公司), a company established in the PRC with limited liability and is an indirectly non wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Company”	Wai Chun Mining Industry Group Company Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the S&P Agreement in accordance with its terms
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB6.63 million (equivalent to approximately HK\$8.36 million) for the Disposal
“Deed of Assignment”	the deed of assignment dated 26 July 2013 entered into between the Company (as debtor), Wai Chun Investment Fund (as assignor) and Chinese Success Limited (as assignee) in relation to the assignment of the Shareholder’s Loan to Chinese Success Limited
“Directors”	directors of the Company
“Disposal”	the disposal by Weifang Biology of the Sale Interests pursuant to the S&P Agreement (as supplemented by the Side Letter)

DEFINITIONS

“EGM”	an extraordinary general meeting to be convened by the Company on Monday, 13 January 2014 at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong to consider and, if thought fit, to approve, among other things, the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. CHAN Chun Wai, Tony, Mr. HAU Pak Man and Mr. TO Yan Ming, Edmond to advise the Shareholders on the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder
“Independent Financial Adviser” or “Halcyon Capital”	Halcyon Capital Limited, a licensed corporation registered under the SFO to conduct Type 6 (advising on corporate finance) regulated activity as defined in the SFO, and the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Shareholders in respect of the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder
“Latest Practicable Date”	20 December 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Capitalisation”	the subscription of the 816,000,000 convertible preference shares of the Company by Chinese Success Limited in accordance with the terms and conditions of the Subscription Agreement by capitalizing of the entire amount of the Shareholder’s Loan
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this circular

* *for identification purpose only*

DEFINITIONS

“Purchaser”	北京華清中企文化傳媒有限公司 (transliterated as Beijing Huaqing Zhongqi Culture Media Company Limited*), a company established in the PRC with limited liability
“Remaining Group”	the Group other than Century-light Industry
“S&P Agreement”	the agreement in relation to the Disposal dated 30 October 2013 entered into between Weifang Biology and the Purchaser
“Sale Interests”	being the 51% interests of Century-light Industry held by Weifang Biology
“SFO”	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.0025 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the loan and the relevant interest accrued amounting to HK\$40,800,000 owing by the Company to Chinese Success Limited, which was assigned to Chinese Success Limited by Wai Chun Investment Fund on 26 July 2013 pursuant to the Deed of Assignment
“Side Letter”	the letter dated 20 December 2013 entered into between Weifang Biology and the Purchaser to extend the latest date of fulfilling all conditions precedent under the S&P Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 26 July 2013 entered into between Chinese Success Limited and the Company in respect of the subscription of the 816,000,000 convertible preference shares of the Company by Chinese Success Limited and capitalizing of the entire amount of the Shareholder’s Loan

DEFINITIONS

“Weifang Biology”	Weifang Century-Light Biology Science Company Limited (濰坊森瑞特生物科技有限公司), a company established in the PRC with limited liability and is an indirectly non wholly-owned subsidiary of the Company as at the Latest Practicable Date
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC. For the purpose of this circular, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1.0: HK\$1.261 unless otherwise stated
“%”	per cent.

In this circular, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

LETTER FROM THE BOARD



偉俊礦業集團有限公司*

Wai Chun Mining Industry Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 660)

Executive Directors:

Mr. Lam Ching Kui

(Chairman and Chief Executive Officer)

Independent Non-executive Directors:

Mr. Chan Chun Wai, Tony

Mr. Hau Pak Man

Mr. To Yan Ming, Edmond

Registered Office:

Floor 4

Willow House

Cricket Square

P.O. Box 2804

Grand Cayman KY1-1112

Cayman Islands

Head Office and Principal Place

of Business in Hong Kong:

13/F, Admiralty Centre 2

18 Harcourt Road

Admiralty

Hong Kong

24 December 2013

To the Shareholders,

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RESPECT OF THE DISPOSAL OF
A NON WHOLLY-OWNED SUBSIDIARY**

INTRODUCTION

Reference is made to the announcements of the Company dated 30 October 2013, 19 November 2013, 29 November 2013 and 20 December 2013 in relation to, among other things, the entering into of the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder. On 30 October 2013, Weifang Biology, being a non wholly-owned subsidiary of the Company, and the Purchaser entered into the S&P Agreement, pursuant to which Weifang Biology has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Interests, being the 51%

* for identification purpose only

LETTER FROM THE BOARD

shareholding interests of Century-light Industry at a consideration of RMB6.63 million (equivalent to approximately HK\$8.36 million). On 20 December 2013, Weifang Biology and the Purchaser entered into the Side Letter to extend the long stop date for fulfilling all conditions precedent to the S&P Agreement from 31 December 2013 to 28 February 2014 whilst other terms remain unchanged. As the applicable percentage ratio for the Disposal under the Listing Rules is more than 25% but less than 75%, the Disposal constitutes a major disposal for the Company under Chapter 14 of the Listing Rules. Currently, Century-light Industry is owned as to 51% by Weifang Biology and as to the remaining interest of 39.5% and 9.5% by Ms. Li Li (spouse of Mr. Gong Weifeng) and Mr. Gong Weifeng respectively. Mr. Gong Weifeng and Ms. Li Li also own as to approximately 19% and 30% interests in Weifang Biology respectively. Mr. Gong Weifeng is the legal person and director of Weifang Biology and Century-light Industry and Ms. Li Li is the director of Weifang Biology. Thus, both Mr. Gong Weifeng and Ms. Li Li are connected persons of the Company.

Although the Purchaser is not a connected person to the Company, the disposal of the Sale Interests where Mr. Gong Weifeng and Ms. Li Li are the substantial shareholder(s) (within the meaning of the Listing Rules) and director(s) (as the case may be) of Century-light Industry and Weifang Biology, constitutes a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules and subject to the announcement, circular and independent shareholders' approval requirements under the Listing Rules.

Since each of the Purchaser, Mr. Gong Weifeng, Ms. Li Li and their associates has no shareholding in the Company as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolution to approve the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder at the EGM.

The Independent Board Committee has been established by the Company to give recommendations to the Shareholders in respect of the Disposal. Halcyon Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders in this regard.

The purpose of this circular is to provide you with further details of the Disposal, recommendations from the Independent Board Committee in respect of the Disposal, the advice from Halcyon Capital to the Independent Board Committee and the Shareholders in respect of the Disposal and a notice of the EGM at which resolution will be proposed to consider and, if thought fit, approve the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder.

LETTER FROM THE BOARD

THE S&P AGREEMENT (AS SUPPLEMENTED BY THE SIDE LETTER)

Date: 30 October 2013

Parties

Vendor: Weifang Biology, a non wholly-owned subsidiary of the Company and 51% equity interests of which were indirectly held by the Company as at the Latest Practicable Date

Purchaser: 北京華清中企文化傳媒有限公司, transliterated as Beijing Huaqing Zhongqi Culture Media Company Limited*, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons

Assets to be disposed

Pursuant to the S&P Agreement, Weifang Biology has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Interests, being the 51% equity interests of Century-light Industry. Century-light Industry is principally engaged in the trading of modified starch and biochemical products.

Consideration

The Consideration of RMB6.63 million (equivalent to approximately HK\$8.36 million) shall be settled by cash within three days after the conditions precedent stated below have been fulfilled.

The Consideration was arrived at after arm's length negotiations between Weifang Biology and the Purchaser (who is an independent third party to the Company) based on normal commercial terms and represented the unaudited net asset value of Century-light Industry of RMB6.63 million (equivalent to approximately HK\$8.36 million) attributable to 51% equity interest in Century-light Industry as at 30 June 2013.

When determining the Consideration, the Board has also considered other valuation methods. The Board considers that the price-to-earnings multiple (or other similar multiples relating to the earnings) is not applicable as Century-light Industry recorded a loss for the year ended 31 December 2012. The Board also considers that the price-to-sales multiples would not yield a meaningful result since Century-light Industry is principally engaged in trading business and the sales amount is not indicative to the value of Century-light Industry.

LETTER FROM THE BOARD

Regarding the discounted cash flow method, given that (i) customers of Century-light Industry generally do not enter into any long-term purchase contracts; (ii) discounted cash flow method requires adoption of numerous assumptions which are valid only under specific and limited circumstance that may not be suitable in respect of the business nature of Century-light Industry; and (iii) based on the current status of operation of Century-light Industry, without obtaining significant amount of financial support, the Board expects that it would be difficult for Century-light Industry to turnaround into a profitable position and generate positive cash flow, thus, the Board considers that the discounted cash flow method is not appropriate in valuing Century-light Industry.

In light of the above and taking into account the loss-making position and business nature of Century-light Industry, the Board considers that valuation of Century-light Industry using net asset approach (which is also a commonly used valuation method for loss-making enterprise) is appropriate and relevant. Meanwhile, the cost of the Group for acquiring Weifang Biology (which included Century-light Industry and its subsidiary (which was disposed of in 2011)) in 2009 was RMB10.3 million. The proportionate amount of the Consideration attributable to the Company accounts for approximately RMB3.4 million (being 51% of RMB6.63 million) representing approximately 33.0% of the then investment cost in Weifang Biology and its subsidiaries. From this perspective, the Board also considers that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon fulfillment of the following conditions precedent:

- (1) the Company having obtained the approval by the Shareholders at the EGM for the S&P Agreement and the transactions contemplated thereunder (including but not limited to the transfer of the Sale Interests); and
- (2) Weifang Biology and the Purchaser having amended or supplemented S&P Agreement or entered into any other document for the purpose of registering the Disposal to the relevant governmental authorities if required under the relevant PRC laws and policy.

After obtaining the Shareholders' approval at the EGM, the Company will submit a new set of S&P Agreement without conditions to the relevant Administration of Industry and Commerce (AIC) in the PRC for registration purpose only. As there will be no change in the terms of the S&P Agreement (other than the removal of conditions precedent after the fulfilment thereof) and the amended S&P Agreement is used solely for the purpose of

LETTER FROM THE BOARD

registration, the Company considers that it is not necessary to seek further Shareholder's approval in this regard but will make announcement in relation to the fulfillment of conditions precedent as and when necessary. If any of the above conditions precedent is not fulfilled on or before 28 February 2014 or such later date as agreed by Weifang Biology and the Purchaser, then the S&P Agreement will lapse and no party to the S&P Agreement shall have any claim against the other party in respect of the S&P Agreement, save for any antecedent breaches and certain provisions of the S&P Agreement relating to termination, expenses, dispute and jurisdiction and etc. which will remain in full force and effect. As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled.

Completion

Completion shall take place on the date on which the last of the above conditions precedent is fulfilled.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. The Purchaser is principally engaged in investment holding. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficially owners are independent of and not connected with the Company or any of its connected persons.

INFORMATION ON CENTURY-LIGHT INDUSTRY

Century-light Industry was established in the PRC on 25 August 1998 with limited liability. As at the Latest Practicable Date, Century-light Industry is owned as to 51% by Weifang Biology and as to the remaining interest of 39.5% and 9.5% by Ms. Li Li (spouse of Mr. Gong Weifeng) and Mr. Gong Weifeng respectively. Mr. Gong Weifeng and Ms. Li Li own as to approximately 19% and 30% interests in Weifang Biology respectively as at the Latest Practicable Date. Mr. Gong Weifeng is the legal person and director of Weifang Biology and Century-light Industry and Ms. Li Li is the director of Weifeng Biology. Thus, both Mr. Gong Weifeng and Ms. Li Li are connected persons of the Company. The registered capital of Century-light Industry is RMB10 million and all were paid-up as at the Latest Practicable Date. Century-light Industry is principally engaged in the trading of modified starch, biochemical products and other products such as Palm Kernel Cake and Distiller's Dried Grain with Soluble. As at the Latest Practicable Date, Century-light Industry did not hold any subsidiaries and/or associates; plants and properties and did not carry out any manufacturing operation.

LETTER FROM THE BOARD

The following table summarises the key financials from the audited financial statements of Century-light Industry for each of the two years ended 31 December 2012 prepared in accordance with the Hong Kong Financial Reporting Standards and the unaudited management accounts of Century-light Industry for the six months ended 30 June 2013.

	For the six months ended 30 June 2013 <i>unaudited</i> RMB'000	For the year ended 31 December 2012 <i>audited</i> RMB'000	For the year ended 31 December 2011 <i>audited</i> RMB'000
Turnover	49,786	141,181	217,490
Cost of goods sold	(47,881)	(133,424)	(192,985)
Gross profit	1,905	7,757	24,505
Selling, general and administrative expenses	(5,187)	(17,856)	(11,260)
Others	(104)	1,786	2,078
(Loss)/Profit before taxation	(3,386)	(8,313)	15,323
Taxation	—	919	(4,046)
(Loss)/Profit after taxation	<u>(3,386)</u>	<u>(7,394)</u>	<u>11,277</u>
	As at 30 June 2013 <i>unaudited</i> RMB'000	As at 31 December 2012 <i>audited</i> RMB'000	As at 31 December 2011 <i>audited</i> RMB'000
Assets			
Inventories	38,790	41,448	23,075
Deposits, prepayments and other receivables (<i>note</i>)	71,862	104,707	40,408
Cash and bank balances	28,624	42,478	30,829
Trade and bills receivables	1,283	12,924	9,342
Property, plant and equipment	1,167	1,307	1,245
Others	1,694	11,180	30,145
Total assets	<u>143,420</u>	<u>214,044</u>	<u>135,044</u>
Liabilities			
Trade and bills payables	(2,426)	(3,541)	(9,791)
Accruals and other payables	(9,962)	(13,157)	(17,771)
Borrowings due within one year	(101,767)	(154,188)	(83,694)
Amount due to Wai Chun Investment Fund, the ultimate holding company of the Group	(16,271)	(26,779)	—
Others	—	—	(16)
Total liabilities	<u>(130,426)</u>	<u>(197,665)</u>	<u>(111,272)</u>
Net assets	12,994	16,379	23,772

Note: It mainly comprised bill receivables arising from the agency trade business during the year ended 31 December 2012 and six months ended 30 June 2013.

LETTER FROM THE BOARD

During the year ended 31 December 2011, Century-light Industry recorded a turnover of approximately RMB217.5 million and net profit after taxation of approximately RMB11.3 million. However, Century-light Industry recorded net loss after taxation of approximately RMB7.4 million and approximately RMB 3.4 million for the year ended 31 December 2012 and the six months ended 30 June 2013 respectively primarily due to the decrease in gross profit margin and increase in selling, general and administrative expenses.

Century-light Industry generally maintains inventory of modified starch and biochemical products for certain weeks before obtaining customer's purchase orders. When Century-light Industry receives purchase orders, Century-light Industry will first sell its inventory on hand to customers (inventory turnover day of Century-light Industry was over three months as at 31 December 2012 and 30 June 2013). In case of shortfall, Century-light Industry will reorder from suppliers. Under this mode of operation, Century-light Industry was unable to promptly and fully pass the purchase cost to its customers, in particular during the year ended 31 December 2012 and the six months ended 30 June 2013 where the price of modified starch has been decreasing and so the overall gross profit margin has become thinner.

Since 2011, the selling, general and administrative expenses have been increasing primarily due to the impairment loss and increase in salary and handling fee. As at 31 December 2011, Century-light Industry did not have any impairment. As at 31 December 2012, Century-light Industry made an impairment of approximately RMB6,480,000 (equivalent to approximately HK\$8,171,000) as it voided a purchase contract and did not collect the relevant prepayment made in 2011. As at 30 June 2013, Century-light Industry made an impairment of approximately RMB387,000 (equivalent to approximately HK\$488,000) on its inventories as net realized values of the inventories were less than the costs of inventories. However, even in the absence of the abovementioned impairment losses, Century-light Industry still recorded net loss for the year ended 31 December 2012. During the two years ended 31 December 2012 and the six months ended 30 June 2013, the unaudited sales to the Remaining Group represented approximately 5%, 6% and 21% respectively of the total sales of Century-light Industry. In addition, during the two years ended 31 December 2012 and the six months ended 30 June 2013, the unaudited gross profit (gross loss) of Century-light Industry attributable to the sales to the Remaining Group was approximately RMB174,000, RMB25,000 and (RMB530,000) respectively.

Since Century-light Industry is principally engaged in trading business, its assets mainly comprise current assets such as inventories, cash and bank balances and deposit, prepayments and other receivables and not much fixed assets. Based on the unaudited management accounts of Century-light Industry for the 10 months ended 31 October

LETTER FROM THE BOARD

2013, the net asset value of Century-light Industry as at 31 October 2013 decreased to approximately RMB11,726,000 (equivalent to approximately HK\$14,786,000) as compared with that as at 30 June 2013. Such decrease was mainly due to the loss recorded during the abovementioned period.

In light of the abovementioned past performance and based on the current status of operation of Century-light Industry, without obtaining significant amount of financial support, the Board expects that it would be difficult for Century-light Industry to turnaround into a profitable position and generate positive cash flow.

Upon Completion, Century-light Industry will cease to be a subsidiary of the Company. The profit and loss and assets and liabilities of Century-light Industry will no longer be consolidated to the Group's accounts.

REASONS OF AND BENEFITS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in (i) the trading of athletic and athlete-style footwear, working shoes, safety shoes, golf shoes and other functional shoes; (ii) the manufacture and sale of modified starch and biochemical products; (iii) trading of modified starch, biochemical products, animal feed additives products and other products; and (iv) the trading of electronic parts and components and electrical appliances. Upon Completion, the Remaining Group will be principally engaged in (i) the trading of athletic and athlete-style footwear, working shoes, safety shoes, golf shoes and other functional shoes; (ii) the manufacture and sale of modified starch and biochemical products; and (iii) the trading of electronic parts and components and electrical appliances.

The Group diversified its business operations in the manufacture and sale of modified starch and biochemical products in 2009 by acquiring Weifang Biology and its subsidiaries including Century-light Industry. Weifang Biology is principally engaged in manufacturing and sale of and manufacture of modified starch and biochemical products (變性澱粉及其他生化產品) in the PRC whilst Century-light Industry was initially engaged in sale of biochemical products and animal feed additives products (生化產品及動物飼料產品). Subsequently, Century-light Industry shifted its business focus and has been principally engaged in the trading of modified starch, biochemical products and other products. Weifang Biology and Century-light Industry used to be profit-making before the year 2012 but their financial performance began to deteriorate thereafter. Despite continuous efforts from the management in expanding the product range and business scope of Weifang Biology and Century-light Industry, Weifang Biology and Century-light Industry have yet to achieve a turnaround in profit.

LETTER FROM THE BOARD

For the year ended 31 December 2012, the trading business of modified starch and other biochemical products of the Group conducted by Century-light Industry recorded a loss of approximately HK\$9.3 million. For the six months ended 30 June 2013, the loss attributable to Century-light Industry for the trading business and agency trade business were approximately HK\$4.3 million. In view of (i) the loss-making performance of the trading business of Century-light Industry; (ii) the thin margin nature of trading business model of Century-light Industry that will require significant capital input to increase the transaction volume to achieve breakeven; (iii) the difference in product range of Century-light Industry of biochemical products and animal feed additive products as compared to those (such as modified starch and corn oil products) manufactured by the Remaining Group where the wider application of modified starch (in contrast to the limited application of feed additive products) such as production of food, paper, crude oil and textile can provide opportunities to the Remaining Group for exploring other modified starch related markets; and (iv) the Disposal allows the Company to realise its investment in a loss-making business and redirect such resources to optimise or develop other business segments and/or to make other investments if such opportunity arises in the future, the Company considers to discontinue the aforesaid trading business of Century-light Industry by disposing of the Sale Interests and entering into the S&P Agreement.

In light of the gradual recovery of PRC economy and continued population growth, the Company believes that the demand in modified starch in the PRC will increase gradually in the long run and the business of manufacture and sale of relevant modified starch and other biochemical products will eventually be benefited. Therefore, the Company intends to focus on its existing business of manufacture and sales of modified starch, biochemical products and corn oil products. Recently, the Group has expanded and upgraded its production facilities with an aim to increase the overall production capacity, enhance efficiency, reduce costs and increase the quality and profit margin of the Remaining Group's products. The Group will also seek opportunity to develop other related products to capture the market demand of different modified starch products. As at the Latest Practicable Date, the Company did not have any intention to dispose, downsize and/or scale down its remaining business after the Disposal and did not enter into any agreement or negotiation and did not have any intention to acquire any other assets or operation.

On the other hand, during the two years ended 31 December 2012 and six months ended 30 June 2013, the Remaining Group sold modified starch and other biochemical products to Century-light Industry amounting to approximately RMB7.9 million (equivalent to approximately HK\$9.6 million), RMB16.1 million (equivalent to approximately HK\$19.8 million) and RMB2.2 million (equivalent to approximately HK\$2.7 million) respectively for its onward sales. During the same year/period, the Remaining Group purchased certain raw materials from Century-light Industry amounting to approximately RMB10.5

LETTER FROM THE BOARD

million (equivalent to approximately HK\$12.7 million), RMB9.1 million (equivalent to approximately HK\$11.2 million) and RMB10.7 million (equivalent to approximately HK\$13.3 million) respectively for its onward production. During the abovementioned year/period, sales by the Remaining Group to Century-light Industry represented less than approximately 5% of the total sales of the Group whilst purchase by the Remaining Group from Century-light Industry represented less than approximately 4% of the total purchase by the Group. It is intended that the Company will cease to have business with Century-light Industry after the Disposal and the Directors consider that the financial and business impact to the Remaining Group resulted from such cessation of business relationship with Century-light Industry is not material.

It is expected that the net proceeds from the Disposal in the amount of approximately HK\$7.76 million (after deducting all relevant fees and expenses) will be used for the general working capital of the Group.

In view of that Century-light Industry is the subsidiary of the Company where the Company has been exercising control over the operation and finance, the Directors consider that the unaudited net asset value of Century-light Industry is sufficient to reflect the actual financial position of Century-light Industry. Taking into account the factors stated above, the Directors (including the independent non-executive Directors) consider that the terms of the S&P Agreement (as supplemented by the Side Letter) , including the Consideration, are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Earnings

Based on the Consideration of RMB6.63 million and 51% of the unaudited net asset value of Century-light Industry of approximately RMB5.98 million as at 31 October 2013, the Company expects to record a gain on the Disposal (without taking into account the relevant fees and expenses) of approximately RMB0.65 million (equivalent to approximately HK\$0.82 million). However, Shareholders should note that the actual amount of gain on the Disposal would be calculated on the basis of the relevant figures as at the date of the Completion and therefore would or would not be different from the abovementioned. After the Completion, Century-light Industry will cease to be a subsidiary of the Company and cease to contribute any profit to the Group in subsequent years.

LETTER FROM THE BOARD

Assets and Liabilities

As disclosed in the interim report of the Company for the six months ended 30 June 2013, the Group recorded unaudited total assets and total liabilities of approximately HK\$337.0 million and HK\$330.3 million as at 30 June 2013 respectively. It is estimated that upon the Completion, both the total assets and total liabilities of the Remaining Group as at 30 June 2013 would decrease to approximately HK\$165.9 million and HK\$167.3 million respectively. Such changes were mainly due to the deconsolidation of assets and liabilities of Century-light Industry from the accounts of the Group. The assets of Century-light Industry mainly comprise deposit, prepayment, other receivables and inventories and the liabilities of Century-light Industry mainly comprise a loan due to an ultimate shareholder of the Company, an amount due to its minority shareholder (i.e. not any member of the Group) and short-term borrowings from third parties. The unaudited net liabilities of the Group attributable to the Shareholders as at 30 June 2013 will remain at approximately HK\$20.2 million as a result of the Disposal. Assuming that there has been no change in the assets and liabilities of the Remaining Group during the period from 1 July 2013 and 31 October 2013, it is expected that the net liabilities of the Group attributable to the Shareholders as at 31 October 2013 would be increased by approximately HK\$0.8 million (being the proportionate amount of the difference between the Consideration and the unaudited net assets of Century-light Industry as at 31 October 2013). Shareholders should note that the actual amount of change in assets and liabilities of the Group should be calculated on the basis of the relevant figures as at the date of the Completion and therefore would or would not be different from the abovementioned.

According to the announcement of the Company dated 3 October 2013, the Loan Capitalisation has been approved by the Shareholders at the relevant general meeting. Therefore, the total liabilities of the Company should be further reduced.

EGM

None of the Directors have a material interest in the Disposal and accordingly, none of them were required to abstain from voting on the board resolution approving the Disposal.

A notice convening the EGM to be held at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 13 January 2014 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrars in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

Since each of the Purchaser, Mr. Gong Weifeng, Ms. Li Li and their associates has no shareholding in the Company as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolution to approve the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder at the EGM.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and Halcyon Capital which set out their recommendations in respect of the Disposal and the principal factors considered by them in arriving at their recommendations.

The Directors (including the independent non-executive Directors who have taken into account the recommendations from Halcyon Capital) are of the view that the terms of the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

By order of the Board
Wai Chun Mining Industry Group Company Limited
LAM Ching Kui
Chairman and Chief Executive Officer



偉俊礦業集團有限公司*

Wai Chun Mining Industry Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 660)

24 December 2013

To the Shareholders,

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RESPECT OF THE DISPOSAL OF
A NON WHOLLY-OWNED SUBSIDIARY**

We refer to the letter from the Board set out on pages 5 to 16 of the circular dated 24 December 2013 (the “Circular”) of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder and to advise the Shareholders as to whether or not it would be fair and reasonable and in the interests of the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder. Halcyon Capital has been appointed to advise the Independent Board Committee and the Shareholders in this regard.

We wish to draw your attention to the letter from the Board and the letter of advice from Halcyon Capital to the Independent Board Committee and the Shareholders which contains its advice in relation to the Disposal as set out in the Circular.

Having taken into account the principal factors and reasons considered and the opinion given by Halcyon Capital as stated in its letter of advice as set out on pages 18 to 39 of the Circular, we consider that the terms of the S&P Agreement (as supplemented by the Side Letter) are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Shareholders to vote in favour of the relevant ordinary resolution approving the S&P Agreement (as supplemented by the Side Letter) and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,

Independent Board Committee

CHAN Chun Wai, Tony HAU Pak Man TO Yan Ming, Edmond

Independent Non-executive Directors

* for identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of the inclusion in this circular.



11/F, 8 Wyndham Street
Central
Hong Kong

24 December 2013

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF A NON WHOLLY-OWNED SUBSIDIARY

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the independent shareholders on the terms of the S&P Agreement (as supplemented by the Side Letter) in relation to the disposal (the “Disposal”) of the Sales Interest, being the 51% equity interests of Century-light Industry (the “Transaction”). Details of the S&P Agreement (as supplemented by the Side Letter) are set out in the letter from the Board as contained in the circular of the Company dated 24 December 2013 (“Circular”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules. As at the Latest Practicable Date, Century-light Industry is owned as to 51% by Weifang Biology and as to the remaining interest of approximately 9.5% and 39.5% interest by Mr. Gong Weifeng (“Mr. Gong”) and Ms. Li Li (“Ms. Li”) (spouse of Mr. Gong) respectively. Mr. Gong and Ms. Li also own as to approximately 19% and 30% interest in Weifang Biology respectively. Mr Gong is also the supervisor and director of Weifang Biology and Century-light Industry while Ms. Li is the director of Weifang Biology. By virtue of Mr. Gong’s and Ms. Li’s shareholding and corporate position held in Weifang Biology and Century-light Industry (as the case may be), Mr. Gong and Ms. Li

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

are therefore connected persons of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company and is subject to the approval of the Company's independent shareholders under Chapter 14A of the Listing Rules.

No Shareholder is required to abstain from voting in the general meeting of the Company for approving the Disposal, as the connected persons in the Transaction namely Mr. Gong and Ms. Li and their associates, are connected persons solely by virtue of their interest and corporate position in Weifang Biology and Century-light Industry, and not in the Company itself, therefore all Shareholders are considered to be independent shareholders of the Company in respect of the Disposal (the "Independent Shareholders") under this scenario.

The Independent Board Committee comprising all the independent non-executive Directors, namely Messrs. Chan Chun Wai, Tony, Hau Pak Man and To Yan Ming Edmond has been established to advise the Independent Shareholders as to whether the Disposal is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information, financial information and facts supplied to us and the representations expressed by the Directors and/or management of the Group and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and as at the date of the Circular, have been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the S&P Agreement (as supplemented by the Side Letter), the announcements, annual and interim reports of the Company and the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also discussed with the Directors and/or the management of the Group with respect to the Transaction, and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Group (including Weifang Biology and Century-light Industry) and the Purchaser.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Transaction, we have considered the following principal factors and reasons:

I. INFORMATION ON THE GROUP

1. Business and history of the Group

The principal activities of the Group are the trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes, and the manufacture and sale of modified starch and other biochemical products and agency trade of other biochemical products. The Group has also engaged in trading of electronic components since late October 2013.

In order to diversify the Group's business operation, the Group tapped into the manufacture and sale of modified starch and other biochemical products in 2009 by acquiring Weifang Biology and its subsidiaries including Century-light Industry. By the time of acquisition in 2009, Century-light Industry was engaged in sale of biochemical products and animal feed additives products. Subsequent to the completion of such acquisition, Century-light Industry shifted its business focus and has been principally engaged in the trading of modified starch, biochemical products and other products.

In 2012, the Company set up a non-wholly-owned subsidiary under Weifang Biology which principally engages in the production and sales of corn oil products.

According to the interim and annual reports of the Group, the Group will continue to focus on its existing businesses, and by strengthening internal cost control to enhance the competitiveness of our products in the market. Along with the continuing recovery of the China and global consumer markets, the Directors believe that the Group's sales and operating performance will continue to improve.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

While the Directors have been considering fund raising exercises, the Directors have also continued to evaluate the Group's business portfolio (including the performance and prospect of each business segment of the Group) and proactively seeking for business and investment opportunities to further diversify the Group's business portfolio, in order to improve the Group's financial performance and position.

Subsequent to the Group's evaluation, the Directors have entered into a letter of intent on 26 August 2013 and the S&P Agreement on 30 October 2013 (as supplemented by the Side Letter dated 20 December 2013) to dispose Century-light Industry (of which the business have been loss-making and the Directors do not consider the business to be of great prospect). In addition, the Group has also started to carry out a new business of trading of electronic parts and components and electrical appliances (such as climatic chamber) in late October 2013.

In light of the gradual recovery of the PRC economy and continued population growth, the Company also believes that the demand in modified starch in the PRC will increase gradually in the long run and the business of manufacture and sale of relevant modified starch and other biochemical products will eventually be benefited. Therefore, the Company intends to focus on its existing business of manufacture and sales of modified starch, biochemical products and corn oil products. Recently, the Group has also expanded and upgraded its production facilities with an aim to increase the overall production capacity, enhance efficiency, reduce costs and increase the quality and profit margin of the Remaining Group's products. The Group will also seek opportunities to develop other related products to capture the market demand of different modified starch products.

With more financial resources, the Group could seek new investment opportunities and focus on its manufacture and sales of modified starch, biochemical products and corn oil products business, of which the Directors are of the view that it will have more attractive return to the Group's operating results in the years to come.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information of the Group

Financial results

The table below summarises the Group's financial results extracted from the annual report and the interim report of the Group:

	Year ended 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Turnover	362,310	386,678	149,214	177,691
Gross profit	51,487	22,699	7,908	5,622
Gross profit margin	14.2%	5.9%	5.3%	3.2%
Impairment loss on prepayments and other receivables	—	(23,848)	—	—
Loss attributable to equity holders of the Company	(3,729)	(34,135)	(9,938)	(11,092)

For the year ended 31 December 2012

For the year ended 31 December 2012, the Group recorded a turnover of approximately HK\$386.7 million as compared to HK\$362.3 million for the year ended 31 December 2011, representing an increase of approximately 6.7% as compared to 2011. Such improvement in turnover was mainly attributable to (i) the improvement in the results of the modified starch and other biochemical products business; (ii) the first year contribution from the agency trade business in 2012; and (iii) off-set by the deterioration of the footwear business.

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The Group recorded a gross profit HK\$51.5 million and HK\$22.7 million respectively for the year ended 31 December 2011 and 2012 respectively. The decrease in gross profit was contributed by increase in cost of sales as a result of increase in product cost of modified starch and other biochemical products. Gross profit margin for the two years ended 31 December 2012 was approximately 14.2% and 5.9% respectively. The decrease in gross profit margin was in-line with the decrease in gross profit with reason explained above.

The Group recorded a loss attributable to shareholders of the Company amounted to approximately HK\$34.1 million for the year ended 31 December 2012 as compared to a loss of HK\$3.7 million for the year ended 31 December 2011. The substantial increase in loss attributable to shareholders of the Company was mainly contributed by an impairment loss on prepayments and other receivables incurred during the year ended 31 December 2012 of approximately HK\$23.8 million. Such impairment mainly comprised of two elements, (i) in 2007, the Group made a refundable deposit paid to an independent third party for a proposed acquisition of approximately HK\$10.5 million. The Group has been in negotiation with such independent third party for the repayment of the deposit in the last few years and the Directors at that time consider such deposit would be repaid. However, during the year 2012, such independent third party confirmed that they would not repay such deposit to the Company and the Company has issued demand letter in Beijing to such independent third party, in view of such the Directors decided to make an impairment on such deposit; and (ii) the Group also recorded long aging balances of approximately HK\$13.4 million, the recoverability of which was in doubt and expected to be unrecoverable, these individually impaired receivables include counterparties that were in financial difficulties and only a small portion of these receivables was expected to be recovered and certain amount of receivables that were actually in dispute. During 2012, some other receivables were classified from prepayments for inventories due to the dispute with suppliers. Based on the above, the Directors consider impairments on these items would be required and appropriate.

For the six months ended 30 June 2013

For the six months ended 30 June 2013, the Group recorded a turnover of approximately HK\$177.7 million as compared to approximately HK\$149.2 million for the six months ended 30 June 2012, representing an increase of approximately 19.1% as compared to the corresponding period. Such improvement in turnover was mainly attributable to the improvement in the sales of the modified starch and other biochemical products business.

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During the six months ended 30 June 2013, the Group recorded a gross profit of approximately HK\$5.6 million as compared to approximately HK\$7.9 million for the six months ended 30 June 2012, representing a decrease of 29.1% as compared to the corresponding period. The decrease in gross profit was contributed by the increase in cost of sales as a result of increase in product cost of modified starch and other biochemical products. Gross profit margin for the six months ended 30 June 2013 was approximately 3.2%. The decrease in gross profit margin as compared to 31 December 2012 was mainly due to the increase in cost of sales during the period for the reasons explained above.

The Group recorded a loss attributable to shareholders of the Company amounted to approximately HK\$11.1 million for the six months ended 30 June 2013 as compared to a loss of approximately HK\$9.9 million for the six months ended 30 June 2012. The increase in the loss was mainly due to the decrease in price of modified starch and other biochemical products as well as the increase in administration cost of the business in the PRC.

Balance sheet

The following is a summary of the Group's consolidated financial position as at 31 December 2012 and 30 June 2013:

	As at 31 December 2012 HK\$'000 (Audited)	As at 30 June 2013 HK\$'000 (Unaudited)
Property, plant and equipment	35,125	33,233
Prepaid leasehold land payments	16,366	30,460
Other non-current assets	7,777	1,712
Inventories	83,944	53,172
Cash and cash equivalents	14,242	4,535
Trade and bill receivables	144,044	16,908
Other current assets	79,422	17,510
Assets classified as held for sale	—	179,445
Total assets	380,920	336,975
Trade payables	(54,060)	(65,153)
Borrowings — due within one year	(208,759)	(31,631)
Other current liabilities	(47,602)	(27,516)

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	As at 31 December 2012 <i>HK\$'000</i> (Audited)	As at 30 June 2013 <i>HK\$'000</i> (Unaudited)
Amount due to the ultimate holding company	(49,826)	(40,843)
Liabilities directly associated with assets classified as held for sales	—	(165,167)
Total liabilities	(360,247)	(330,310)
Total equity	20,673	6,665

As at 31 December 2012, the Group had total assets of approximately HK\$380.9 million, including trade and bills receivables of approximately HK\$144.0 million (accounting for approximately 37.8% of the total assets of the Group), inventories of approximately HK\$83.9 million (accounting for approximately 22.0% of the total assets of the Group), property, plant and equipment of approximately HK\$35.1 million (accounting for approximately 9.2% of the total assets of the Group), and bank balances and cash equivalents of approximately HK\$14.2 million (accounting for approximately 3.7% of the total assets of the Group).

Total liabilities of the Group as at 31 December 2012 amounted to approximately HK\$360.2 million including borrowings due within one year of approximately HK\$208.8 million (accounting for approximately 57.9% of the total liabilities of the Group), amount due to the ultimate holding company of approximately HK\$49.8 million (accounting for approximately 13.8% of the total liabilities of the Group) and trade payables of approximately HK\$54.1 million (accounting for approximately 15.0% of the total liabilities of the Group).

As at 30 June 2013, the Group had total assets of approximately HK\$337.0 million, including inventories of approximately HK\$53.2 million (accounting for approximately 15.8% of the total assets of the Group), property, plant and equipment of approximately HK\$33.2 million (accounting for approximately 9.9% of the total assets of the Group), and bank balances and cash equivalents of approximately HK\$4.5 million (accounting for approximately 1.3% of the total assets of the Group).

Total liabilities of the Group as at 30 June 2013 amounted to approximately HK\$330.3 million including (i) borrowings due within one year of approximately HK\$31.6 million (accounting for approximately 9.6% of the total liabilities of the Group) comprised of bank loan of approximately HK\$29.1 million and amount due

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to a non-related third party of approximately HK\$2.9 million (including the principal of approximately HK\$2.5 million and interest of approximately HK\$0.4 million); (ii) amount due to the ultimate holding company of approximately HK\$40.8 million (accounting for approximately 12.4% of the total liabilities of the Group); and (iii) trade payable of approximately HK\$65.2 million (accounting for approximately 19.7% of the total liabilities of the Group). HK\$40.8 million of the amount due to the ultimate shareholder has already been offset by an issue of 816,000,000 convertible preference shares pursuant to the subscription agreement entered into between the Company and Chinese Success Limited on 26 July 2013.

The Group entered into a non-legally binding letter of intent with the Purchaser on 26 August 2013 in respect of the Disposal, as such the assets and liabilities of Century-light Industry was classified as assets classified as held for sales and liabilities directly associated with assets classified as held for sales by the time the Group issued its interim results for the six months ended 30 June 2013 on 29 August 2013. The assets classified as held for sales and liabilities directly associated with assets classified as held for sales were amounted HK\$179.4 million and HK\$165.2 million as at 30 June 2013 respectively.

The current ratio of the Group was approximately 0.94 as at 30 June 2013 (31 December 2012: approximately 1.04). The gearing ratio of the Group was approximately 0.98 (31 December 2012: approximately 0.95). The improvement of the Group's liquidity and gearing was mainly contributed by the repayment of borrowing during the period.

As at 30 June 2013, the Group recorded net current liabilities of approximately HK\$17.9 million and a capital deficiency attributable to shareholders of the Company amounted to approximately HK\$20.2 million. According to the interim report, the record of net current liabilities and capital deficiency attributable to shareholders of the Company indicate the existence of a material uncertainty that may cast significant doubt about the ability to continue as a going concern, however, the Directors were satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration that (i) the Company has undrawn loan facilities of approximately HK\$36 million granted by its ultimate holding company, which will provide on a sub-ordinated basis and the Group's ultimate holding company will not demand the Company for repayment until all other liabilities of the Group had been satisfied; (ii) the ultimate holding company has also undertaken to provide adequate funds to enable the Group to meet in full its financial obligations as and when they fall due in the foreseeable future; and (iii) the Group has also completed a loan capitalization in the second half of 2013 which also eased the Group's shortage of liquidity.

II. INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. The Purchaser is principally engaged in investment holding. To the best knowledge, information and belief of the Directors and having made all reasonable enquires, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons.

III. THE DISPOSAL

1. Background to and reasons for the Disposal

To turnaround with the Group's current loss-making performance and to improve the Group's financial position, it has been the Group's existing strategy to evaluate the Group's business portfolio (including the performance and prospect of each business segment of the Group) and proactively seek business and investment opportunities to further diversify the Group business portfolio.

The Group diversified its business operations in the manufacture and sale of modified starch and other biochemical products in 2009 by acquiring Weifang Biology and its subsidiaries including Century-light Industry. Weifang Biology is principally engaged in manufacturing and sale of and manufacture of modified starch and other biochemical products in the PRC while Century-light Industry was engaged in sale of biochemical products and animal feed additives products. Subsequently, Century-light Industry shifted its business focus and has been principally engaged in the trading of modified starch, biochemical products and other products. Weifang Biology and Century-Light Industry used to be profit-making before the year 2012 but their financial performance began to deteriorate thereafter due to keen market competition and the increase in cost of inventories. Despite continuous efforts from the management in expanding the product range and business scope of Weifang Biology and Century-light Industry, Weifang Biology and Century-light Industry have yet to achieve a turnaround in profit.

As discussed with the management of the Group, the Directors were of the view that the modified starch and biochemical products market have been growing and numbers of players in the trading market have increased in the past 18 months and the Directors felt that the competition in modified starch and biochemical products trading market industry has intensified. Being affected by the intensified competition, for the year ended 31 December 2012, the trading business of modified starch and other biochemical products of the Group conducted by Century-light

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Industry recorded a loss of approximately RMB7.4 million, while for the six months ended 30 June 2013, the loss attributable to Century-light Industry for the trading business and agency trade business were approximately RMB3.4 million. In view of (i) the scale of Century-light Industry's operation was relatively insufficient, Century-light Industry experienced difficulty in product cost bargaining while under keen competition when Century-light Industry experienced downward trend in price of modified starch, Century-light Industry was unable to shift the product cost to its' customer and hence had shrank Century-light Industry's profit; (ii) the continuous loss-making situation of the trading business of Century-light Industry; (iii) the thin margin nature of trading business model of Century-light Industry that will require significant capital input to increase the transaction volume to achieve breakeven; (iv) the difference in product range of Century-light Industry of biochemical products and animal feed addictive products as compared to those (such as modified starch and corn oil products) manufactured by the Remaining Group where the wider application of modified starch (in contrast to the limited application of feed addictive products) such as production of food, paper, crude oil and textile can provide opportunities to the Remaining Group for exploring other modified starch related markets; and (v) the Disposal allows the Company to realise its investment in a loss-making business and redirect such resources to optimise or develop other business segments and/or to make other investments if such opportunity arises in the future, the Company considers to discontinue the aforesaid trading business of Century-light Industry by disposing of the Sale Interests and entering into the S&P Agreement and the Side Letter.

As at the Latest Practicable Date, the Company did not have any intention to dispose, downsize and/or scale down its remaining business after the Disposal and did not enter into any agreement or negotiation and did not have any intention to acquire any other assets or operation. Upon Completion, the Group will be principally engaged in mainly (i) the trading of athletic and athlete-style footwear, working shoes, safety shoes, golf shoes and other functional shoes; (ii) the manufacture and sale of modified starch and other biochemical products; and (iii) the trading of electronic parts and components and electrical appliances.

2. Market overview of Century-light Industry's trading products

According to the research information obtained from public source, certain market information suggested that the demand for modified starch decreased in 2012, such decrease was mainly due to the weakening of the paper making industry of which modified starch is one of the raw materials for paper making industry.

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In respect of the biochemical product other than those can be applied as feed additive (which the Directors considered to be classified as other industrial raw material and semi-finished products), according to the national bureau of statistics of the PRC, during 2013, industrial manufacturer purchase price for other industrial raw material and semi-finished products in the PRC has been decreasing on a year-on-year basis.

Major trading products of Century-light Industry include Palm Kernel Cake and Distiller's Dried Grain with Soluble which served as raw materials in the manufacturing of animal feed. According to recent published industry information, owing to the climate issue and H7N9 virus that occurred in 2013 which affected the livestock and seafood breeding industry, the growth rate of animal feed market is expected to experience a decline in 2013. In the long-run, it is also expected that the growth rate on animal feed will decline into a moderate level. With the decline in growth rate of animal feed, the Directors are of the view that the further growth of Century-light Industry's major trading product will also be affected.

We are of the view that Century-light Industry's deterioration in financial performance is in-line with the general decline in market condition. Despite the market data suggested that the animal feed market will continue to enjoy a moderate growth, according to the Directors, owing to the relatively insufficient scale of Century-light Industry operations, it is relatively difficult for Century-light Industry to turnaround the current loss making situation and generate positive cashflow in such downward pricing trend, as such the Directors considered that and we concur it is in the interest of the Company and Shareholders as a whole to enter into the S&P Agreement and dispose Century-light Industry.

3. Principal terms of the S&P Agreement (as supplemented by the Side Letter)

(i) Consideration and assets to be disposed

Pursuant to the S&P Agreement (as supplemented by the Side Letter), Weifang Biology has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Interests, being the 51% equity interests of Century-light Industry.

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The Consideration of RMB6.63 million (equivalent to approximately HK\$8.36 million) shall be settled by cash within three days after all the conditions precedent have been fulfilled. The consideration was arrived at after arm's length negotiations between Weifang Biology and the Purchaser (who is an independent third party to the Company), based on normal commercial terms and represented the unaudited net asset value of Century-light Industry of RMB6.63 million (equivalent to approximately HK\$8.36 million) attributable to 51% equity interest in Century-light Industry as at 30 June 2013.

According to the Directors, the Consideration was based on the unaudited net asset value of Century-light Industry. In determining the basis of Consideration, we have also considered the possibility of referencing to other valuation methods. We considered that the price-to-earnings multiple (or other similar multiples relating to the earnings) is not applicable as Century-light Industry recorded a loss for the year ended 31 December 2012. We also considered that the price-to-sales multiples would not yield a meaningful result since Century-light Industry is principally engaged in trading business and the sales amount is not indicative to the value of Century-light Industry.

Regarding the discounted cash flow method, we are of the view that, given that (i) according to the Directors, customers of Century-light Industry generally do not enter into any long-term purchase contracts; and (ii) discounted cash flow method requires adoption of numerous assumptions which are valid only under specific and limited circumstance that may not be suitable in respect of the business nature of Century-light Industry, thus, we considered that the discounted cash flow method is not appropriate in valuing Century-light Industry.

In light of the above and taking into account the loss-making position and business nature of Century-light Industry, we considered that valuation of Century-light Industry using net asset approach (which is also a commonly used valuation method for loss-making enterprise and was adopted as basis of consideration when the Group acquired Weifang Biology and its subsidiaries including Century-light Industry in 2009) is appropriate and relevant. Meanwhile, the cost of the Group for acquiring Weifang Biology (which included Century-light Industry and its subsidiary) in 2009 was RMB10.3 million. The proportionate amount of the Consideration for disposal of Century-light Industry attributable to the Company accounts for approximately RMB3.4 million (being 51% of RMB6.63 million) representing approximately 33.0% of the then investment cost in Weifang Biology and its

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subsidiaries. From this perspective, we and also the Board consider the use of net asset value of Century-light Industry as the basis of determination of the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors also consider the terms of the S&P Agreement (as supplemented by the Side Letter) are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

(ii) *Conditions Precedent*

On 20 December 2013, Weifang Biology and the Purchaser entered into the Side Letter to extend the long stop date for fulfilling all conditions precedent to the S&P Agreement from 31 December 2013 to 28 February 2014 whilst other terms remain unchanged.

The Completion is conditional upon the fulfillment of the following conditions precedent: (1) the Company having obtained the approval by the Shareholders at the EGM for the S&P Agreement and the transactions contemplated thereunder (including but not limited to the transfer of the Sale Interests); and (2) Weifang Biology and the Purchaser having amended or supplemented S&P Agreement or entered into any other document for the purpose of registering the Disposal to the relevant governmental authorities if required under the relevant PRC laws and policy.

The Company will, after obtaining the Shareholders' approval at the EGM, submit a new set of S&P Agreement without conditions to the relevant AIC in the PRC for registration purpose only. As there will be no change in the terms of the S&P Agreement (other than the removal of conditions precedent after the fulfillment thereof) and the amended S&P Agreement is used solely for the purpose of registration, the Company considers that it is not necessary to seek further Shareholder's approval in this regard but will make announcement in relation to the fulfillment of conditions precedent as and when necessary. If any of the above conditions precedent is not fulfilled on or before 28 February 2014 or such later date as agreed by Weifang Biology and the Purchaser, then the S&P Agreement will lapse and no party to the S&P Agreement shall have any claim against the other party in respect of the S&P Agreement, save for any antecedent breaches and certain provisions of the S&P Agreement relating to the termination, expenses, dispute and jurisdiction and etc. which will remain in full force and effect. As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled.

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(iii) Completion

Completion shall take place on the date on which the last of the above conditions precedent is fulfilled.

4. Information on the Century-light Industry

(i) Business and financial performance of Century-light Industry

Century-light Industry was established in the PRC on 25 August 1998 with limited liability. As at the Latest Practicable Date, Century-light Industry is owned as to 51% by Weifang Biology and as to the remaining interest of 9.5% and 39.5% by Mr. Gong and Ms. Li respectively. Mr. Gong is a supervisor and a director of Century-light Industry.

The registered capital of Century-light Industry is RMB10 million and all were paid-up as at the Latest Practicable Date. Century-light Industry is principally engaged in the trading of modified starch, biochemical products and other products in the PRC such as Palm Kernel Cake and Distiller's Dried Grain with Soluble. As at the Latest Practicable Date, Century-light Industry did not hold any subsidiaries and/or associates; plants and properties and did not carry out any manufacturing operations.

(a) Financial performance and position of the Century-light Industry

The following table summarises the key financials from the audited financial statements of Century-light Industry for each of the two years ended 31 December 2012 prepared in accordance with the Hong Kong Financial Reporting Standards and the unaudited management accounts of Century-light Industry for the six months ended 30 June 2013.

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(i) *Key items from profit and loss statement*

	Year ended	Year ended	Six months
	31 December	31 December	ended
	2011	2012	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)
Turnover	217,490	141,181	49,786
Gross profit	24,505	7,757	1,905
Gross profit margin	11.27%	5.5%	3.8%
Profit/(Loss) before taxation	15,323	(8,313)	(3,386)
Profit/(Loss) after taxation	11,277	(7,394)	(3,386)

Century-light Industry recorded a substantial decrease in turnover for the year ended 31 December 2012. According to the Directors, such decrease was mainly contributed by the decrease in sales volume due to keen competition in the market. Gross profit margin also decreased substantially due the fact that Century-light Industry was unable to shift the product cost to its customers. Century-light Industry generally maintains inventory of modified starch and biochemical products for certain weeks before obtaining customer's purchase orders. When Century-light Industry receives purchase orders, Century-light Industry will first sell its inventory on hand to customers (inventory turnover day of Century-light Industry was over three months as at 31 December 2012). In case of shortfall, Century-light Industry will reorder from suppliers. Under this mode of operation, Century-light Industry was unable to promptly and fully pass the purchase cost to its customers, in particular during the year ended 31 December 2012 where the price of modified starch has been decreasing, of which such decreasing trend in price was in-line with the market condition as discussed in the section headed "Market overview of Century-light Industry's trading product" above and so the overall gross profit margin has become thinner.

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Century-light Industry recorded a net loss amount to RMB7.4 million for the year ended 31 December 2012 as compared to the net profit of RMB11.3 million for the year ended 31 December 2011. Such sharp deterioration was mainly contributed by (i) the decrease in turnover and gross profit margin due to the above mentioned reasons; (ii) the increase in selling, general and administrative expense primarily due to the increase in salary and handling fee; and (iii) an impairment of approximately RMB6.5 million (equivalent to approximately HK\$8.2 million) as it voided a purchase contract and could not collect the relevant prepayment made in 2011. No such impairment was recorded for the year ended 31 December 2011.

Century-light Industry recorded a turnover of approximately RMB49.8 million for the six months ended 30 June 2013 and recorded a gross profit margin of approximately 3.8%. According to the Directors, the further decrease of gross profit margin as compared to the year ended 31 December 2012 was mainly due to (i) the downward trend of the selling price for modified starch; and (ii) the inventory cycle as mentioned above. For the six months ended 30 June 2013 the Group recorded a loss after taxation amounted to RMB3.4 million which was mainly contributed by (i) the decrease in turnover and gross profit margin and the increase in selling, general and administrative expense with reasons as mentioned above; and (ii) an impairment of approximately RMB0.4 million (equivalent to approximately HK\$0.5 million) on its inventories as net realized values of the inventories were less than the costs of inventories.

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(ii) *Key items from the balance sheet*

	As at 31 December 2011	As at 31 December 2012	As at 30 June 2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)
Assets			
Inventories	23,075	41,448	38,790
Deposits, prepayments and other receivables	40,408	104,707	71,862
Cash and bank balances	30,829	42,478	28,624
Others (including trade and bills receivables)	40,732	25,411	4,144
Total assets	135,044	214,044	143,420
Liabilities			
Trade and bills payables	(9,791)	(3,541)	(2,426)
Accruals and other payables	(17,771)	(13,157)	(9,962)
Borrowings due within one year	(83,694)	(154,188)	(101,767)
Amount due to Wai Chun Investment Fund, the ultimate holding company	—	(26,779)	(16,271)
Others	(16)	—	—
Total liabilities	(111,272)	(197,665)	(130,426)
Net assets	23,772	16,379	12,994

Total assets

Included in total assets as at 30 June 2013 mainly comprises (i) inventories amounted to approximately RMB38.8 million; (ii) deposits and prepayments and other receivables of approximately RMB71.9 million; (iii) cash and bank balances amounted to RMB28.6 million; and (iv) other assets amounted to RMB4.1 million. Include in other assets of Century-light Industry were trade and bill receivables and amount due from shareholder amounted to RMB1.7 million as at 30 June 2013, the amount due from shareholder would be settled by the Group on the date of Completion.

Total liabilities

Included in total liabilities as at 30 June 2013 mainly comprises (i) borrowing due within one year amounted to approximately RMB101.8 million; (ii) amount due to ultimate holding company held by the substantial shareholder of approximately RMB16.3 million; (iii) accrual and other payables amounted to RMB10.0 million; and (iv) trade and bill payables amounted to RMB2.4 million.

Based on the unaudited management accounts of Century-light Industry for the 10 months ended 31 October 2013, the net asset value of Century-light Industry as at 31 October 2013 further decreased to approximately RMB11.7 million (equivalent to approximately HK\$14.8 million) as compared with that as at 30 June 2013. Such decrease was mainly due to the trading loss recorded during the abovementioned period.

In light of the abovementioned past performance and based on the current status of operation of Century-light Industry, without obtaining significant amount of financial support, the Board expects that it would be difficult for Century-light Industry to turnaround into a profitable position and generate positive cash flow.

Upon Completion, Century-light Industry will cease to be a subsidiary of the Company. The profit and loss and assets and liabilities of Century-light Industry will no longer be consolidated to the Group's financial statements.

Transactions with the Remaining Group

During the two years ended 31 December 2012 and six months ended 30 June 2013, the Remaining Group sold modified starch and other biochemical products to Century-light Industry amounting to approximately RMB7.9 million (equivalent approximately HK\$9.6 million), RMB16.1 million (equivalent to approximately HK\$19.8 million) and RMB2.2 million (equivalent to approximately HK\$2.7 million) respectively for its onward sales. During the same year/period, the Remaining Group purchased certain raw materials from Century-light Industry amounting to approximately RMB10.5 million (equivalent to approximately HK\$12.7 million), RMB9.1 million (equivalent to

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approximately HK\$11.2 million) and RMB10.7 million (equivalent to approximately HK\$13.3 million) respectively for its onward production. During the abovementioned year/period, sales by the Remaining Group to Century-light Industry represented less than approximately 5% of the total sales of the Group whilst purchase by the Remaining Group from Century-light Industry represented less than approximately 4% of the total purchases by the Group. It is intended that the Company will cease to have business with Century-light Industry after the Disposal and the Directors consider that the financial and business impact to the Remaining Group resulted from such cessation of business relationship with Century-light Industry is not material.

During the two years ended 31 December 2012 and the six months ended 30 June 2013, the unaudited sales to the Remaining Group represented approximately 5%, 6% and 21% respectively of the total sales of Century-light Industry. In addition, during the two years ended 31 December 2012 and the six months ended 30 June 2013, the unaudited gross profit (gross loss) of Century-light Industry attributable to the sales to the Remaining Group was approximately RMB174,000, RMB25,000 and (RMB530,000) respectively. The Directors are of the view that without taking into account the sales transactions entered into between Century-light Industry and the Remaining Group, the Century-light Industry would still be loss making for the year ending 31 December 2012 and for the six months ended 30 June 2013.

5. Use of proceeds

It is expected that the net proceeds from the Disposal in the amount of approximately HK\$7.76 million (after deducting all relevant fees and expenses) will be used for the general working capital of the Group.

The Directors anticipated that the net proceeds from the Disposal would improve the liquidity of the Group and enable the Group to further development the Remaining Group's business and new business segment commenced in 2013.

6. Financial effects of the Transaction

(i) Effect on earnings

Upon Completion of the Disposal, Century-light Industry will no longer be the Group's subsidiary and the results of Century-light Industry will cease to be consolidated into the Group's consolidated financial statement. Century-light Industry has been loss making in the year ended 31 December 2012 and for the six months ended 30 June 2013. As Century-light Industry's result will no longer be consolidated to the Group's account, the result of the Remaining Group will improve accordingly.

Based on the Consideration of RMB6.63 million and 51% of the unaudited net asset value of Century-light Industry of approximately RMB5.98 million as at 31 October 2013, the Company expects to record a gain on the Disposal (without taking into account the relevant fees and expenses) of approximately RMB0.65 million (equivalent to approximately HK\$0.82 million). However, Shareholders should note that the actual amount of gain on the Disposal would be calculated on the basis of the relevant figures as at the date of the Completion and therefore would or would not be different from the abovementioned.

(ii) Effect on net assets

Upon Completion, the Group's net assets will be (i) increased by the amount of the Consideration less the actual transaction costs; and (ii) offset by the decrease in the unaudited net assets of the Group's share of net assets of the 51% equity interest in Century-light Industry as at the date of Completion.

(iii) Effect on working capital

Upon Completion, it is expected to have increase in the cash position of the Group. Although Century-light Industry as at 30 June 2013 recorded RMB28.6 million cash and bank balances, Century-light Industry also had borrowings amounted to RMB101.8 million which was due within one year, the Disposal would also ease the Group's funding needs to settle such short term outstanding in the near future.

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Having considered that (i) the S&P Agreement (as supplemented by the Side Letter) has been entered into after arm's length negotiation and its terms are fair and reasonable; (ii) the Disposal would provide the Group with additional liquidity of which the net proceeds amount to approximately HK\$7.76 million (after deducting all relevant fees and expenses) representing approximately 1.7 times of the bank balances and cash of the Group of approximately HK\$4.5 million as at 30 June 2013; (iii) the substantial amount of short term debt and comparatively low cash and bank balances of Century-light Industry; and (iv) the Consideration was arrived based on the unaudited net asset value of Century-light Industry of which in the view of the Directors reflected a fair value of Century-light Industry given Century-light Industry has been loss making, we consider that the S&P Agreement (as supplemented by the Side Letter) is on normal commercial terms and its terms are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Disposal is in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider the S&P Agreement (as supplemented by the Side Letter) is on normal commercial terms and entered into in the ordinary and usual course of business of the Group. We further consider that the terms of the Disposal are fair and reasonable to the Independent Shareholders and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Disposal and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
Halcyon Capital Limited
Terry Chu
Managing Director

FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2010, 2011 and 2012 are set out on pages 25 to 31, 26 to 31 and 27 to 32 in the annual reports of the Group dated 22 March 2011, 29 March 2012 and 28 March 2013 for the years ended 31 December 2010, 2011 and 2012 respectively.

The aforementioned financial information of the Group can be accessed on the website of the Company (<http://www.0660.hk/eng/financial.php>) and the website of the Stock Exchange (www.hkexnews.hk).

1. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 31 October 2013, being the latest practicable date of this indebtedness statement, the Group had outstanding secured and unsecured bank borrowings amounting to approximately HK\$27.9 million and approximately HK\$0.2 million respectively. It had other borrowings amounted to approximately HK\$34.3 million, comprising unsecured loan due to other independent third party amounting to approximately HK\$2.6 million and secured bills payables amounting to approximately HK\$31.7 million.

Securities and guarantees

Among the secured bank loans of approximately HK\$27.9 million, (i) approximately HK\$20.3 million were pledged by prepaid leasehold land payments amounting to approximately HK\$16.5 million; and (ii) approximately HK\$7.6 million were guaranteed by a minority shareholder of a subsidiary of the Company. The secured bills payables of approximately HK\$31.7 million were pledged by bank deposits of the Company amounting to approximately HK\$20.2 million. Except for the abovementioned assets, no other assets of the Group have been pledged nor other guarantees were provided as at the close of the business on 31 October 2013.

Commitments

As at 31 October 2013, the Group had total future minimum lease payments under non-cancellable operating leases for its office premises and falling due as follows:

HK\$'000

Operating lease commitments in respect of land and building
which fall due as follows:

Within one year	3,188
In more than one year but not exceeding five years	3,188
	<u>6,376</u>

Contingent liabilities

As at the close of business on 31 October 2013, the Group had no contingent liabilities.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have, any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptances credits or hire purchase commitments, capital commitments, guarantees or other material contingent liabilities as at the close of business on 31 October 2013. Save as aforesaid, the Directors confirm that there has been no material changes to the indebtedness position and contingent liabilities of the Group since 31 October 2013 up to the Latest Practicable Date.

2. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account (i) the internal resources available to the Group, the existing available credit facilities available to the Group (including unutilised facilities provided by a shareholder); (ii) there will be no material funding requirement in the next twelve months; (iii) the proceeds from the Disposal; and (iv) after the Disposal, the Company will cease to support the trading business of Century-light Industry which requires significant amount of working capital, the Group has sufficient working capital for its present requirements and for the next twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the 2013 interim report of the Company, during the six months ended 30 June 2013, the Group was adversely affected by the decrease in price of modified starch and other biochemical products. Meanwhile, keen competition in consumer markets also added to the operation difficulty of the footwear business. Regarding the trading of biochemical products and animal feed additive products, the Company believes that the thin margin nature of such business would require significant capital input to achieve a breakeven and has determined to exit the trading business of such products. In light of the abovementioned, the Company set up Weifang Jia You You Zhi Company Limited, a non wholly-owned subsidiary of the Company in the year 2012 to carry out the business in production and sales of corn oil products. During the six months ended 30 June 2013, Weifang Jia You You Zhi Company Limited has almost achieved a breakeven.

The Group will continue to focus on existing businesses, and by strengthening internal cost control to enhance the competitiveness of its products in the market. Meanwhile, the Group will also proactively seek business and investment opportunity to further diversify its business portfolio and increase the shareholders' return. For instance, in late October 2013, the Company started to carry out a new business of trading of electronic parts and components and electrical appliances (such as climatic chamber). Target customers of this business currently include an importer to the PRC. Importer customer first informs the Group the required electronic parts and components and electrical appliance and then the Group identifies the potential suppliers based on the requirements of importer customer (such as price range, product specification and lead time). Currently, the suppliers of the electronic parts and components and electrical appliances are mainly located overseas. After confirmation with the importer customer the availability of the required electronic parts and components and electrical appliance and receiving the relevant purchase orders and payments from the importer customer, the Group places purchase order to its suppliers. Pricing for the importer customer is determined with reference to the prevailing market price and a mark-up based on the relevant handling fee and goods will be delivered directly to the end-customers by the suppliers. Importer customers are responsible for custom clearance and relevant expenses. Since the Group

generally requires its customer to make full payments (i.e. no credit period is given) before sourcing their goods, the trading business of electronic parts and components and electrical appliance does not require significant capital input of the Group and thus no proceeds from the Disposal will be used to finance it. Up to the Latest Practicable Date, the Group has already obtained certain purchase orders from its customers and this business segment has already started to contribute to the revenue of the Group.

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**Interests of Directors in the Company**

As at the Latest Practicable Date, the interests and long interest of the Directors in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to notify to the Company and the Stock Exchange, were as follows:

Long position in Shares

Name	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Lam Ching Kui	Interest of controlled Corporations (<i>Note</i>)	7,578,064,320 (<i>Note</i>)	49.03%

Note: Mr. Lam Ching Kui is the beneficial owner of Chinese Success Limited, the substantial Shareholder (within the meaning of the Listing Rules) holding (i) 6,762,064,320 Shares, representing approximately 43.75% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 816,000,000 convertible preference shares which can be converted into 816,000,000 Shares upon the full exercise of the conversion rights attached thereto.

Save as disclosed above, as the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests of substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the persons other than a Director or chief executive of the Company who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, who is expected, directly or indirectly, to be interest in 5%, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital, were as follow:

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Chinese Success Limited <i>(Note 1)</i>	Beneficial Owner	7,578,064,320 <i>(Note)</i>	49.03%
Wai Chun Investment Fund	Interests of controlled corporations	7,578,064,320 <i>(Note)</i>	49.03%
Onward Global Investments Limited <i>(Note 2)</i>	Beneficial Owner	1,286,350,000	8.32%
Spring Garden Investments Limited <i>(Note 3)</i>	Beneficial Owner	1,286,350,000	8.32%

Notes:

1. Mr. Lam Ching Kui, the Chairman and executive Director of the Company, is the beneficial owner of the entire issued share capital of Chinese Success Limited, which owned (i) 6,762,064,320 Shares as at the Latest Practicable Date; and (ii) 816,000,000 convertible preference shares of the Company which can be converted into 816,000,000 Shares upon the full exercise of the conversion rights attached thereto. Mr. Lam Ching Kui is a sole director and shareholder of Chinese Success Limited.
2. Mr. Liu Wei is the beneficial owner of Onward Global Investments Limited, the Shareholder holding 8.32% of the issued share capital of the Company.
3. Mr. Pan Guoxin is the beneficial owner of Spring Garden Investments Limited, the Shareholder holding 8.32% of the issued share capital of the Company

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest of short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group.

Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up.

Service contracts

As at the Latest Practicable Date, there was no existing or proposed service contract between any member of the Group and any Director or proposed Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

Competing business

Each of the Directors has confirmed that so far as they are aware, none of the Directors or their respective associates has any interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

3. EXPERT AND CONSENT

The qualification of the expert who has given opinion in this circular is as follows:

Name	Qualification
Halcyon Capital	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Halcyon Capital had no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group nor any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up.

Halcyon Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report and/or references to its name, in the form and context in which they respectively appear.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. MATERIAL CONTRACTS

Save for the S&P Agreement, the Side Letter, the Subscription Agreement and the Deed of Assignment, no contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material.

6. GENERAL

- (a) The secretary of the Company is Mr. Tong Chi Cheong who is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Tong Chi Cheong graduated from the City University of Hong Kong with a bachelor degree in business studies.
- (b) The registered office of the Company is situated at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.
- (c) The Hong Kong share registrar of the Company is Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (d) In the event of inconsistency, the English text shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the head office and principal place of business of the Company in Hong Kong at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong from the date of this circular and up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2012;
- (c) the interim report of the Company for the six months ended 30 June 2013;

- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (e) the written consent referred to in the paragraph headed “Expert and consent” in this appendix;
- (f) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 17 of this circular;
- (g) the letter from the Independent Financial Adviser to the Independent Board Committee and the Shareholders, the text of which is set out on pages 18 to 39 of this circular;
- (h) the circular of the Company dated 30 August 2013 in relation to, among other thing, the Loan Capitalisation; and
- (i) this circular.

NOTICE OF EGM



偉俊礦業集團有限公司*

Wai Chun Mining Industry Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 660)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Wai Chun Mining Industry Group Company Limited (the “Company”) will be held at 10:00 a.m. on 13 January 2014 (Monday) at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement entered into between Weifang Century-light Biology Science Company Limited (as vendor) and 北京華清中企文化傳媒有限公司 (Beijing Huaqing Zhongqi Culture Media Company Limited*) (as purchaser dated 30 October 2013 (as supplemented by a letter entered into between Weifang Century-light Biology Science Company Limited (as vendor) and 北京華清中企文化傳媒有限公司 (Beijing Huaqing Zhongqi Culture Media Company Limited*) dated 20 December 2013 (the “Side Letter”))) (the “S&P Agreement”) in relation to the disposal of 51% shareholding interests of Century-light Industry Company Limited at a consideration of RMB6.63 million, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) each of the directors of the Company be and is hereby authorized to do all such acts and things and signed, agree, ratify or execute all such documents and take all such actions as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the S&P Agreement (as supplemented by the Side Letter) and any of the transactions contemplated thereunder.”

By order of the Board

Wai Chun Mining Industry Group Company Limited

Lam Ching Kui

Chairman and Chief Executive Officer

Hong Kong, 24 December 2013

* *for identification purpose only*

NOTICE OF EGM

Registered Office:

Floor 4
Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

Principal place of business in Hong Kong:

13/F, Admiralty Centre 2
18 Harcourt Road, Admiralty
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxies to attend and to vote on a poll in his stead. On a poll, votes may be given either personally (or in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if shareholders so wish.
5. The resolution set out in this notice of extraordinary general meeting will be put to shareholders to vote taken by way of a poll.