THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in the **Golden Shield Holdings (Industrial) Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or transferee(s).

GOLDEN SHIELD
Holdings . Industrial . Limited

Golden Shield Holdings (Industrial) Limited
金盾控股(實業)有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 2123)

MAJOR TRANSACTION

Financial Adviser to the Company

SUNWAH KINGSWAY
新華滙富

Kingsway Capital Limited

A letter from the Board is set out on pages 4 to 13 of this circular.

28 March 2013

CONTENTS

DEFINITIONS

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

"Acquisition"	the acquisition of Leased Production Facilities pursuant to Asset Acquisition Agreement
"Asset Acquisition Agreement"	the conditional asset acquisition agreement dated 7 February 2013 entered into between Weinan Huafu as purchaser and Shaanxi Pucheng Yinhe as vendor and Jing Yang Golden Shield in connection with the acquisition of the Leased Production Facilities
"associate"	has the meaning as defined in the Listing Rules
"Board"	the board of Directors
"Company"	Golden Shield Holdings (Industrial) Limited (金盾控股(實業)有限公司), a company incorporated in Bermuda with limited liability and the Shares are listed in the Stock Exchange
"Completion"	Completion of the Asset Acquisition Agreement in accordance with its terms and conditions
"Completion Date"	the 7th business day after the fulfillment of all the conditions precedent of the Asset Acquisition Agreement
"controlling shareholder"	has the meaning as defined in the Listing Rules
"Covenantors"	Tong Fa Limited, Mr. Qiu and Mr. Chen, Hai Xin, Mr. Kung, Wealth Lake, Mr. Cheung and Mr. Li, the Shareholders and/or the ultimate beneficial owners of the Shareholders immediately before the Listing
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"Group"	the Company and its subsidiaries
"Hai Xin"	Hai Xin Capital Group Limited (海信資本集團有限公司) a company incorporated in Hong Kong with limited liability and wholly owned by Mr. Kung
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Jing Yang Golden Shield"	Golden Shield Textile (Jing Yang) Co., Ltd (金盾紡織(涇陽)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Jing Yang Production Plant"	has the meaning as defined in the Prospectus
"Jing Yang Spinning Mill"	has the meaning as defined in the Prospectus
"Kingsway Capital Limited"	Kingsway Capital Limited, a company licensed with the Securities and Futures Commission to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO, being the financial adviser of Company in relation to the Acquisition
"Lease Agreement"	the production and ancillary facilities lease agreement dated 30 November 2011 entered into between Jing Yang Golden Shield and Shaanxi Pucheng Yinhe
"Leased Production Facilities"	buildings, production and ancillary facilities for the production of combed cotton yarn and the related land use rights located at the west of Beidianchang Road, Xiyu Road, Huawang Village South, Sanhe County, Pucheng Town, Weinan City, Shaanxi Province, the PRC, owned by Shaanxi Pucheng Yinhe and leased to the Jing Yang Golden Shield pursuant to the Lease Agreement
"Latest Practicable Date"	25 March 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
"Listing"	the Listing of the Shares on the Main Board of the Stock Exchange on 14 July 2011
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chen"	Mr. Chen Binghui, the Chairman of the Company and an executive Director
"Mr. Cheung"	Mr. Cheung Yung
"Mr. Kung"	Mr. Kung Shih Kun
"Mr. Li"	Mr. Li Xiao Xiong
"Mr. Qiu"	Mr. Qiu Jianfa, an executive Director

"PRC"	the People's Republic of China, but for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the prospectus of the Company dated 28 June 2011
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shaanxi Pucheng Yinhe"	Shaanxi Pucheng Yinhe Textile Co., Ltd. (陝西蒲城銀河紡織有限責任公司), a company established under the laws of the PRC with limited liability
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	share(s) of HK$0.1 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wealth Lake"	Wealth Lake Investment Limited, a company incorporated in BVI with limited liability and wholly owned by Mr. Cheung
"Yongle Production Plant"	the Group's production plant for cotton yarn spinning at Yongle Town, Jingyang County, Xianyang City, Shaanxi Province, the PRC (中國陝西省咸陽市涇陽縣永樂鎮)
"Weinan Huafu"	Weinan Huafu Technology Company Limited (渭南華富科技有限公司), a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
"%"	per cent

The English name/translations of the companies established in the PRC and other Chinese terms used in this circular are only translations of their official Chinese names. In case of inconsistency, the Chinese names shall prevail.

Golden Shield Holdings (Industrial) Limited
金 盾 控 股（實 業）有 限 公 司

(incorporated in Bermuda with limited liability)

(Stock Code: 2123)

Directors:
Executive Directors
Mr. Chen Binghui *(Chairman)*
Mr. Chen Zhifeng
Mr. Wu Shoumin
Mr. Qiu Jianfa

Independent non-executive Directors
Mr. Kwong Kwan Tong
Ms. Tong Jinzhi
Ms. Xue Fang

Registered address in Bermuda and principal place of business in the PRC:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Wenyi Road
Xianyang City
Shaanxi Province
the PRC

Principal place of business in Hong Kong:
Unit 1003, 10th Floor
No. 69 Jervois Street
Sheung Wan
Hong Kong

28 March 2013

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 30 November 2011, 16 October 2012, 7 February 2013 and 1 March 2013. After trading hours on 7 February 2013, Weinan Huafu (as purchaser) and Jing Yang Golden Shield, both are wholly-owned subsidiaries of the Company, and Shaanxi Pucheng Yinhe (as vendor) entered into the Asset Acquisition Agreement to acquire the Leased Production Facilities. The total consideration was arrived at after arm's length negotiations between Weinan Huafu and Shaanxi Pucheng Yinhe with reference to the appraised net asset value of the Leased Production Facilities of approximately RMB198,109,000 as at 31 December 2012 performed by Grant Sherman Appraisal Limited (中證評估有限公司), an independent professional valuer.

In respect of the Acquisition, the applicable percentage ratios, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained a written approval for the Acquisition in accordance with Rule 14.44 of the Listing Rules from its controlling shareholder, Tong Fa Limited, which is beneficially interested in an aggregate of 527,464,000 Shares, representing approximately 56.0 % of the entire issued capital of the Company as at the date of the announcement of the Company dated 7 February 2013 and the Latest Practicable Date. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition, the Asset Acquisition Agreement and the transactions contemplated thereunder; and (ii) the written approval of Tong Fa Limited for the Acquisition as mentioned above has been obtained, no special general meeting will be convened for the purpose of approving the Acquisition, the Asset Acquisition Agreement and the transactions contemplated thereunder as permitted under Rule 14.44 of the Listing Rules.

According to Rule 14.41(a) of the Listing Rules, this circular must be dispatched to the Shareholders within 15 business days after publication of the Announcement as Acquisition has been approved by Tong Fa Limited, the controlling Shareholder under Rule 14.44 of the Listing Rules. However, as the Company's 2012 annual results would not have been available on or before 5 March 2013 and the Company's latest published financial information was more than six months old, the Company has on 7 February 2013 sought for a waiver from strict compliance with the requirements under Rule 14.41(a) of the Listing Rules to delay the dispatch of this circular within 15 business days after publication of the announcement of the Company dated 7 February 2013 and such waiver has been granted by the Stock Exchange on the condition that this circular would be dispatched on or before 28 March 2013.

The purpose of this circular is to provide you with, among other things, (1) further details of the Acquisition and the Asset Acquisition Agreement; (2) financial information of the Group and the Leased Production Facilities; (3) unaudited pro forma financial information of the Enlarged Group; (4) property valuation report of the Leased Production Facilities; (5) machinery valuation report of the Leased Production Facilities and (6) other information as required by the Listing Rules.

THE ASSET ACQUISITION AGREEMENT

Date	7 February 2013	
Parties	Purchaser:	Weinan Huafu, a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company

Vendor:	Shaanxi Pucheng Yinhe, a company established under the laws of the PRC with limited liability and is controlled by Mr. Zhao Jianhua (趙建華). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.
Jing Yang Golden Shield:	A company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company.

Subject matter

Pursuant to the Asset Acquisition Agreement, Shaanxi Pucheng Yinhe agreed to sell and Weinan Huafu agreed to purchase the Leased Production Facilities owned by Shaanxi Pucheng Yinhe.

The Leased Production Facilities is located at the west of Beidianchang Road, Xiyu Road, Huawang Village South, Sanhe County, Pucheng Town, Weinan City, Shaanxi Province, the PRC. Set out below are the details of the Leased Production Facilities:

1. *Land use rights and buildings and structures*

Land use rights for buildings, production and ancillary facilities with a total site area of approximately 96,369.79 sq.m. representing the land use rights for a parcel of land located at the west of Beidianchang Road, Xiyu Road, Huawang Village South, Sanhe County, Pucheng Town, Weinan City, Shaanxi Province, the PRC with various single to three-storey buildings and structures with a total gross floor area of approximately 31,508.95 sq.m. The respective land use rights and buildings ownership certificates have been granted to the Vendor by the PRC authorities on 7 March 2008 and on 23 January 2013 with a term of approximately 50 years and 44 years respectively expiring on 27 December 2057.

As at 31 December 2012, the total book value of land use rights and buildings amounted to approximately RMB41,829,000 and RMB74,363,000 respectively.

2. *Production and ancillary facilities*

Production and ancillary facilities comprised the combed cotton yarn production facilities which has an annual production capacity of approximately 60,480 spindles of cotton yarn and the ancillary facilities thereof.

As at 31 December 2012, the book values of the production and ancillary facilities amounted to approximately RMB83,639,000.

Consideration

The total consideration for the Acquisition is RMB198,109,000 and details of which are as follows:

Leased Production Facilities	Consideration *(RMB)*
Land use rights	41,500,000
Buildings and structures	79,000,000
Production and ancillary facilities	77,609,000
	198,109,000

The total consideration was arrived at after arm's length negotiations between Weinan Huafu and Shaanxi Pucheng Yinhe with reference to the appraised net asset value of the Leased Production Facilities as at 31 December 2012 in respect of production and ancillary facilities of approximately RMB77,609,000 and land use rights and buildings of approximately RMB120,500,000 performed by Grant Sherman Appraisal Limited (中證評估有限公司), an independent professional valuer.

Payment of Consideration

The total consideration for the Acquisition shall be satisfied by the Company in accordance with the following payment schedule:

(1) the deposit of RMB20,000,000 under the Lease Agreement has been transferred as the deposit of Acquisition upon the signing of the Asset Acquisition Agreement;

(2) the first payment of RMB90,000,000 will be made in cash within 15 days upon the signing of the Asset Acquisition Agreement; and

(3) The remaining balance shall be payable in cash within 15 days of the Completion Date.

The Company intends to finance the balance cash payment obligation of RMB178,109,000 under the Assets Acquisition Agreement from the net proceeds of approximately RMB93,056,000 from the issuance of two guaranteed senior secured notes on 16 October 2012 and the remaining of RMB85,053,000 from the Group's cash and bank balance generated from its normal operations.

As at the Latest Practicable Date, deposit of approximately RMB20,000,000 has been paid to the Vendor as part of consideration for the Acquisition. The Group has drawn the net proceeds from the issuance of two guaranteed senior secured notes from its custodian bank account in early March 2013 and is in the process of arranging remittance of the first payment of RMB90,000,000 to the Vendor.

Expiry of the Lease Agreement

The Lease Agreement expired on 30 November 2012. Upon the signing of the Asset Acquisition Agreement, Shaanxi Pucheng Yinhe has set off the refundable deposit of RMB20,000,000 under the Lease Agreement as part of the payment obligation as set out in the paragraph headed "Payment of Consideration" above.

Under the Asset Acquisition Agreement, Shaanxi Pucheng Yinhe has represented to Weinan Huafu and Jing Yang Golden Shield that: (i) Jing Yang Golden Shield has complied with all the terms and conditions in the Lease Agreement; (ii) Shaanxi Pucheng Yinhe consented to Jing Yang Golden Shield to continue to use the Leased Production Facilities in accordance with the terms and conditions of the Lease Agreement between the period from the expiry of the Lease Agreement up to the date of the Asset Acquisition Agreement (the "First Extended Term"); and (iii) Shaanxi Pucheng Yinhe has further consented to Jing Yang Golden Shield to continue to use the Leased Production Facilities in accordance with the terms and conditions of the Lease Agreement between the period from the expiry of the First Extended Term up to the Completion Date (the "Second Extended Term"). Shaanxi Pucheng Yinhe has also agreed to waive all claims that it may have against Jing Yang Golden Shield under the Lease Agreement (if any) and in connection with the use of the Leased Production Facilities by Jing Yang Golden Shield during the First Extended Term and the Second Extended Term (if any), respectively.

Conditions precedent

The completion of the Asset Acquisition Agreement is conditional upon the fulfillment of the following conditions:

1. the obtaining by Shaanxi Pucheng Yinhe and Weinan Huafu of all consents and approvals (if any) from any relevant governmental or regulatory authorities and other relevant third parties which are necessary and essential for the entering into and the implementation of the Asset Acquisition Agreement and all transactions contemplated thereunder;

2. the approval of the Acquisition and all transactions contemplated thereunder at a special general meeting of the Company or the controlling Shareholder's written approval in lieu of the special general meeting as required by the Listing Rules having been obtained; and

3. all requirements imposed by the Stock Exchange or other regulatory authorities to which the Company is subject in connection with the transactions contemplated under the Asset Acquisition Agreement having been fully complied with.

In the event that any of the conditions set out above shall not have been fulfilled on or before 30 June 2013 (the "Long Stop Date"), then Shaanxi Pucheng Yinhe and Weinan Huafu shall not be bound to proceed with the sale and purchase of the Leased Production Facilities; the deposit of RMB20,000,000 shall be released to Jing Yang Golden Shield within 7 business days after the Long Stop Date; and the Asset Acquisition Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breaches of the Asset Acquisition Agreement.

None of the conditions precedent stated above can be waived by any parties to the Asset Acquisition Agreement.

As at the Latest Practicable Date, the Group has fulfilled condition (1) by obtaining the approval from the Department of Commerce of Shaanxi Province regarding the establishment of Weinan Huafu for the Acquisition; and condition (2) by obtaining the written approval for the Acquisition in accordance with Rule 14.44 of the Listing Rules from its controlling shareholder, Tong Fa Limited, which is beneficially interested in an aggregate of 527,464,000 Shares, representing approximately 56.0% of the entire issued capital of the Company.

Completion

Completion of the Asset Acquisition Agreement shall take place on the 7th business day after the fulfillment of all the conditions precedent of the Asset Acquisition Agreement.

Pursuant to the Asset Acquisition Agreement, the Vendor will transfer the possession and legal titles of the Leased Production Facilities (including land use right and buildings) upon the Completion.

As disclosed in the announcement of the Company dated 16 October 2012, the Company will conduct due diligence exercise to conclude the term of the Acquisition. The scope of such due diligence work primarily focuses on ascertaining the legal titles of the Leased Production Facilities. The Company's management noted that (1) the Vendor has obtained all land use rights and building ownership certificates in respect of the Leased Production Facilities on 7 March 2008 and on 23 January 2013 respectively; and (2) pursuant to two confirmation letters from the Pucheng Land and Resources Bureau of Weinan City, Shaanxi Province (陝西省渭南市蒲城縣國土資源局) and the Pucheng Real Estate Exchange of Weinan City, Shaanxi Province (陝西省渭南市蒲城縣房地產交易所) both dated 6 February 2013, the Leased Production Facilities is free from any mortgages, charges, orders and other legal encumbrances and Shaanxi Pucheng Yinhe has the right to use, lease, transfer and pledge the Leased Production Facilities.

In addition, the Company's PRC legal advisers have advised that there is no legal impediment for the Group to obtain the land use rights and building ownership certificates upon the Completion. Hence, the Board is not aware of any further adverse impact on the Acquisition.

INFORMATION ON SHAANXI PUCHENG YINHE AND LEASED PRODUCTION FACILITIES

Shaanxi Pucheng Yinhe is a limited liability company established under the laws of the PRC and is principally engaged in the production and sale of cotton yarn and grey fabric in the PRC. Currently, it is the lessor of the Leased Production Facilities.

As mentioned in the paragraph headed "Subject matter" under the section headed "Asset Acquisition Agreement" of this circular, the Leased Production Facilities have an annual production capacity of approximately 60,480 spindles of combed cotton yarn.

As disclosed in the announcement of the Company dated 30 November 2011, the Group leased the Leased Production Facilities from Shaanxi Pucheng Yinhe immediately upon the completion of construction work. Currently, the Leased Production Facilities is in commercial scale operations. Set out below are the revenue and profits contribution from the Leased Production Facilities to the Group and its operational statistics since 1 December 2011:

(i) Revenue and profits contribution to the Group

	1 month ended 31 December 2011 *RMB'000*	**12 months ended 31 December 2012** *RMB'000*
Revenue	nil	104,012
Gross (Loss)/Profit	(2,045)	9,423
(Loss)/Profit before tax	(2,045)	9,423
(Loss)/Profit after tax	(2,045)	9,423

(ii) Volume of combed cotton yarn sold and produced

Production	nil tonnes	3,368 tonnes
Sales	nil tonnes	3,363 tonnes

(iii) Utilisation rate

December 2011	nil%
December 2012	38.9%

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of manufacture and sales of cotton yarn and grey fabric in the PRC. Currently, the Group has a self-owned production capacity of approximately 156,300 spindles of cotton yarn, of which approximately 123,600 spindles are capable of production of carded cotton yarn and the remaining 32,700 spindles are used for production of combed cotton yarn.

Based on audited results for the year ended 31 December 2012, the revenue of the Group's cotton yarn products decreased from approximately RMB697.3 million in 2011 to RMB531.5 million in 2012 representing a decline of approximately 23.7% of the Group's total revenue of cotton yarn products over comparative period. If excluded the revenue contribution from the Leased Production Facilities, the total revenue of cotton yarn products from self-owned production facilities was approximately RMB427.5 million, representing a decline of approximately 38.7% of the Group's total revenue of cotton yarn products for the same period.

The decline in the Group's business performance was mainly due to decrease in sales of the Group's carded cotton yarn products. The Directors considered such decline in demand for carded cotton yarn products was driven by tough business environment and also the customers' demand have shifted to high quality cotton yarn such as combed cotton yarn products. As such, the Group's sales of combed cotton yarn products were less affected by market conditions in year 2012. Currently, the Group sales and produces combed cotton yarn products in self owned Yongle Production Plant and in the Leased Production Facilities.

For the year ended 31 December 2012, the turnover and gross margin contribution of combed cotton yarn products from self-owned Yongle Production Plant was approximately RMB106,680,000 and RMB22,322,000 respectively. Although there was a decline in average selling price and sales quantity of combed cotton yarn products in Yongle Production Plant by approximately 13% and 12% respectively, its gross margin from sales of combed cotton yarn products only declined by approximately 1.8% to 20.9%.

Since the commencement of the Lease Agreement on 1 December 2011, the Group devoted substantial time and effort in calibration and trial run of the Leased Production Facilities and it commenced commercial scale of operations in the second quarter of the 2012. Based on audited results for the year ended 31 December 2012, the turnover and gross profit contribution from combed cotton yarn products produced in the Leased Production Facilities was only approximately RMB104,012,000 and RMB9,423,000 respectively. Given that the production capacity of the Leased Production Facilities is nearly double of Yongle Production Plant, i.e. 60,480 spindles, its full potential has not yet been realized by the Group in year 2012.

In addition, the Group was informed by the local PRC government authorities in May 2012 that Jinghe New Town where the Yongle Production Plant locates is undergoing town planning process and the town planning committee ordered the suspension of construction activities within the planning zone until the completion of their study. As the management is unable to evaluate the influence on the Yongle Production Plant's expansion plan because of this town planning process, accordingly, the Group will postpone the construction work of the expansion plan until the finalization of the said town planning process. As at the Latest Practicable Date, the Group has not yet received further update from the town planning committee on the outcome of their town planning process and its impact on the Group's Yongle Production Plant expansion plan. The Company will continue to keep the Shareholders updated on the progress of expansion plan in its annual reports and adjustment and relocation of expansion plan (if any) resulting from the outcome of town planning process by issuing separate announcements.

In light of the above, the Acquisition can enhance the Group's competitiveness immediately by increase in proportion of the Group's combed cotton yarn product output in the long term.

On the financial aspect, the Acquisition will also enable the Group to achieve immediate production cost saving when compared to existing lease terms. If the acquisition cost of the Leased Production Facilities were depreciated in accordance with the Group's accounting policy, the Directors estimate that annual depreciation and amortization charge would have been RMB12 million. Hence, the cost of deploying the Leased Production Facilities following the Acquisition will be lower as compared to the current annual rental payment of RMB24 million. It also eliminates the risk of surge in rental expenses if the Lease Agreement is renewed.

As the Acquisition can derive long term benefit to the Group, the Board considers that the Acquisition can enhance shareholders' value and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

(i) Earnings

Since the commencement of the Lease Agreement on 1 December 2011, the Group devoted substantial time and effort in calibration and trial run of the Leased Production Facilities and it commenced commercial scale of operations in the second quarter of the 2012. For the two years ended 31 December 2012, the operations of the Leased Production Facilities contributed gross loss and profit of approximately RMB2.0 million and RMB9.4 million respectively to the Group.

Upon completion of the Acquisition, the Group will be able to achieve immediate production cost saving when compared to existing lease terms. If the acquisition cost of the Leased Production Facilities were depreciated in accordance with the Group's accounting policy, the Directors estimate that annual depreciation and amortization charge would have been RMB12 million. Hence, the cost of deploying the Leased Production Facilities following the Acquisition will be lower as compared to the current annual rental payment of RMB24 million. It also eliminates the risk of surge in rental expenses if the Lease Agreement is renewed.

As the Acquisition can derive long term benefit to the Group, the Board considers that the Leased Production Facilities will contribute positively to the results of the Group in future.

(ii) Net asset value

Upon completion of the Acquisition, as set out in Appendix III to this circular, the Group's non-current assets will increase while current assets will decrease and current liabilities will increase, assuming that the Acquisition is financed partly by internal resources and proceeds from the issuance of two guaranteed senior secured notes on 16 October 2012.

The net asset value of the Group is expected to remain unchanged upon completion of the Acquisition, as the increase in property, plant and equipment will be offset by the decrease in cash balances and increase in liabilities of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the Acquisition under the Listing Rules are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and are subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any interest in the Acquisition and as such, none of them is required to abstain from voting if the Company were to convene a special general meeting to approve the Acquisition, the Asset Acquisition Agreement and the transaction contemplated thereunder.

The Company has obtained a written approval for the Acquisition in accordance with Rule 14.44 of the Listing Rules from its controlling shareholder, Tong Fa Limited, which is beneficially interested in an aggregate of 527,464,000 Shares, representing approximately 56.0 % of the entire issued capital of the Company as at the date of the announcement of the Company dated 7 February 2013 and the Latest Practicable Date. On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Acquisition, the Asset Acquisition Agreement and the transactions contemplated thereunder.; and (ii) the written approval of Tong Fa Limited for the Acquisition as mentioned above has been obtained, no special general meeting will be convened for the purpose of approving the Acquisition, the Asset Acquisition Agreement and the transactions contemplated thereunder as permitted under Rule 14.44 of the Listing Rules.

According to Rule 14.41(a) of the Listing Rules, this circular must be dispatched to the Shareholders within 15 business days after publication of the announcement of the Company dated 7 February 2013 as Acquisition has been approved by Tong Fa Limited, the controlling shareholder of the Company, under Rule 14.44 of the Listing Rules. However, as the Company's 2012 annual results would not have been available on or before 5 March 2013 and the Company's latest published financial information was more than six months old, the Company has on 7 February 2013 sought for a waiver from strict compliance with the requirements under Rule 14.41(a) of the Listing Rules to delay the dispatch of this circular within 15 business days after publication of the Announcement and such waiver has been granted by the Stock Exchange on the condition that this circular would be dispatched on or before 28 March 2013.

FURTHER INFORMATION

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

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Yours faithfully
By Order of the Board,
Golden Shield Holdings (Industrial) Limited
Chen Binghui
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group: (i) for the year ended 31 December 2012 is disclosed on pages 50 to 112 of the annual report of the Company for the year ended 31 December 2012 dated 25 March 2013; (ii) for the year ended 31 December 2011 is disclosed on pages 52 to 112 of the annual report of the Company for the year ended 31 December 2011 dated 20 March 2012 and (iii) for the year ended 31 December 2010 is disclosed in the Accountants' Report set out in Appendix I of the Prospectus.

All these financial statements have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.goldenshield.com.hk).

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 January 2013, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding borrowings of approximately RMB265.3 million, being secured short term bank loans of approximately RMB163.7 million, guaranteed senior secured notes of approximately RMB97.1 million and unsecured advance from shareholders of approximately RMB4.5 million. The secured short term bank loans, which were interest-bearing from 7.20% to 8.53%, were repayable within one year and secured by the prepaid land lease payments with a net book value of approximately RMB7.2 million and the buildings with a net book value of approximately RMB51.2 million, certain land and buildings and machinery of a related company of the Group, and guarantees from three directors of the Company. The guaranteed senior secured notes with a coupon rate of 15.5% were repayable within one year (but may be extended for another year subject to the exercise of an option by the Company and the consent of the noteholder) and secured by, *inter alia*, the Shares owned by the controlling shareholder of the Company, Tong Fa Limited, the entire issued share capital of which, as to 79% by Mr. Qiu Jianfa (''Mr. Qiu'') and as to 21% by Mr. Chen Binghui (''Mr. Chen'') and personal guarantees from Mr. Qiu and Mr. Chen, both Directors, respectively. The unsecured advance from shareholders are non-interest bearing, unsecured and have no fixed terms of repayment.

Save as aforesaid and apart from intra-group liabilities, the normal trade and other payables in the ordinary course of the business, as at the close of business on 31 January 2013, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

The Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 January 2013.

Contingent liabilities

As at the close of business on 31 January 2013, the Group did not have any material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Acquisition, and the present internal financial resources available to the Group including internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for its present requirements in next 12 months from the date of this circular in the absence of unforeseen material circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE COMPANY

In 2012, unfavorable factors such as the increase in labor and other production costs eroded the profitability of the PRC textile industry. In addition, the widening of difference in cotton prices between the domestic market and the overseas market reduced the competitiveness of PRC clothing and textile products in export trade. According to the China Customs, the annual growth rate of export trading of textile and apparel products in 2012 declined by 21.7% when compared to the previous year. As a result, the whole industry demonstrated a slowdown in growth rate and shrinkage of demand from the overseas market.

The PRC textile industry continues to present challenge and opportunities to market players and domestic consumption will remain the growth driver in 2013. Notwithstanding surging in production costs and shrinkage in export market are not expected to be resolved and improved in the near future, certain favourable factors such as the increase in salary level of PRC citizens, persistent improvement in employment market and the launch of income allocation reform policy provide support for the domestic consumption on clothing and textile products. According to the National Bureau of Statistics of China, the retail sales of clothing, shoe and textile products in the fourth quarter of 2012 (approximately RMB311 billion) indicated an improvement when compared to the first three quarters of the same year (approximately RMB222 billion in average). In light of the above, the Directors believe that the industry will show slow but positive growth in the near future.

Domestic market remains the principal market of the Company. The Directors expect that the completion of the Acquisition will strengthen the Group's production capability of combed cotton yarn products in the long term such that it can enhance its competitiveness under tough business environment in the future.

Based on the Group's unaudited management accounts for the two months ended 28 February 2013, being the latest financial information available to the Board, the Group continues to record a decline in revenue when compared to the corresponding period in 2012 due to continuous tough trading environment in the domestic textile market.

Looking forward, the Company intends to keep focusing on profitability, optimizing product mix and improving product quality as its main strategies to create values for the Company and enhance the Shareholders' return.

The Leased Production Facilities is constructed by the Vendor and is leased to the Group since 1 December 2011 upon completion of the construction work. There is no operation for the Leased Production Facilities before the commencement of the Lease. The Leased Production Facilities include land use right, building and machinery with production capacity of approximately 60,480 spindles of combed cotton yarn products.

As the Vendor leases the Leased Production Facilities to the Group upon completion of construction work instead of running on its own, it only receives monthly rental income of RMB2 million and incurs depreciation charge. Such income and expenses from the Vendor's perspective does not reflect actual operational status of the Leased Production Facilities.

The Group keeps separate and identifiable accounting records in respect of its operations of the Leased Production Facilities. For the Acquisition purpose, the Directors have prepared the income and expenditure in relation to the operations of the Leased Production Facilities throughout the lease period by extracting such financial information from the Group's internal records and its audited financial statements for the purpose of compilation of Rule 14.67(6)(b)(i) of the Listing Rules.

The statement of income and expenditure of the Leased Production Facilities set out below is prepared using accounting policies which are materially consistent with those of the Group. The Directors consider that the statements of income and expenditure have been properly compiled to present the financial performance of the Leased Production Facilities since the commencement of the Lease.

	2011	**2012**
	RMB'000	*RMB'000*
Revenue	—	104,012
Cost of sales	(2,045)	(94,589)
Operating (Loss)/Profit before Tax	(2,045)	9,423

Revenue represented the sales of cotton yarn products produced from the Leased Production Facilities.

Costs of sales mainly included raw materials, staff costs, utilities costs and factory rentals.

As the operating results of the Leased Production Facilities have been accounted for in the Group's financial statement, save for a lower estimated annual depreciation charge of RMB12 million based on the Acquisition Cost will be incurred instead of current annual rental expense of RMB24 million, the Leased Production Facilities will not further increase the Group's revenue and operating profit following the Acquisition.

No depreciation charge is made to the statement of income and expenditure from the Group's perspective as the Group did not own the Leased Production Facilities. Instead, rental expense is charged to the statement.

As the Leased Production Facilities is operated as a branch account operations under the Group's operating subsidiary Jing Yang Golden Shield which is a tax reporting entity in the PRC, it is not directly liable for enterprise income tax ("EIT") liability at its level. Thus no EIT provision is made in the statement of income and expenditure.

According to the PRC EIT Law, the profits generated from the operations of the Leased Production Facilities is subject to EIT tax rate of 25% if it had treated as a tax reporting entity. For the two years ended 31 December 2012, the amount of tax loss and taxable profit was the same as the profit and loss before tax above.

In accordance with the 14.67(6)(b)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Directors engaged Martin C. K. Pong & Company, the auditor of the Company to review, based on certain agreed upon procedures, the statement of income and expenditure in relation to the Leased Production Facilities for the years ended 31 December 2011 and 2012 as stated in the circular dated on 28 March 2013 (the "Circular") in accordance with Hong Kong Standard on Related Services 4400, "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) to ensure that such information has been properly compiled and derived from the underlying books and records. For the preparation of the statement of income and expenditure, the Directors confirm that the accounting policies used are materially consistent with the Group's accounting policies.

The procedures were performed solely to assist the Directors in fulfilling the requirement under 14.67(6)(b)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are summarized as follows:

1. The auditor obtained the statement of income and expenditure in relation to the Leased Production Facilities from the Directors as stated in the Circular and checked its arithmetical accuracy.

2. The auditor obtained the accounting records (register of revenue, summary of cost of production and inventory ledgers) in relation to the operation of the Leased Production Facilities from the Directors and checked its arithmetical accuracy.

3. The auditor checked the amounts stated in the statement of income and expenditure in relation to the Leased Production Facilities against the accounting records.

4. The auditor selected a sample of items from the accounting records and checked the particulars of the sample of items against the accounting documents (sales invoices, raw material purchase invoices, stock-in and stock-out notes, wages lists, invoices of utilities costs and factory rental agreement).

The auditor of the Company reports the findings below:

(a) With respect to item 1, the auditor found that the statement of income and expenditure in relation to the Leased Production Facilities to be arithmetical accurate.

(b) With respect to item 2, the auditor found that the accounting records to be arithmetical accurate.

(c) With respect to item 3, the auditor found that the amounts stated in the statement of income and expenditure in relation to the Leased Production Facilities agreed with the accounting records.

(d) With respect to item 4, the auditor found that the particulars for each item selected to be in agreement with the relevant accounting documents.

The auditor of the Company had reviewed the statement of income and expenditure for the years ended 31 December 2011 and 2012 to ensure that such information has been properly compiled and derived from the underlying books and records and the accounting policies used are materially consistent with the Group's accounting policies.

Because the above procedures do not constitute an assurance engagement made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements, the auditor do not express any assurance on the statement of income and expenditure in relation to the Leased Production Facilities.

Had the auditor performed additional procedures or had the auditor performed an assurance engagement of the financial statements in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, other matters might have come to our attention that would have been reported to the Directors.

The following is the full text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants of the Company, Martin C.K. Pong & Company, Certified Public Accountants, Hong Kong. As described in the section headed "General Information" in Appendix VI, a copy of this report is available for inspection.

龐志鈞會計師行
Martin C. K. Pong &Company

The Directors
Golden Shield Holdings (Industrial) Limited ("the Company")

Dear Sirs,

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of the Company and its subsidiaries ("the Group") set out on pages III-3 to III-4 in Appendix III to the circular dated 28 March 2013 ("the Circular"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the acquisition of Leased Production Facilities might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out on pages III-3 and III-4 of the Circular.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2012 or any future date.

OPINION

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully

Martin C. K. Pong & Company
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared to illustrate the effect of the acquisition of Leased Production Facilities (the "Acquisition") on the financial position of the Enlarged Group as if the transaction had occurred on 31 December 2012. The unaudited pro forma statements of assets and liabilities of the Enlarged Group below has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2012 as extracted from the published annual report of the Group for the year ended 31 December 2012 after making certain pro forma adjustments as set out in the notes below.

This unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2012 or at any future date.

	The Group	**Pro forma adjustments**		**The Enlarged Group**
	RMB'000	*RMB'000*		*RMB'000*
	Note 1		*Notes*	
ASSETS				
Non-current assets				
Property, plant and equipment	104,823	156,609	*2*	261,432
Prepaid land lease payments	9,175	41,500	*2*	50,675
	113,998			312,107
Current assets				
Inventories	147,250			147,250
Trade receivables	138,005			138,005
Prepayments, deposits and other receivables	98,002	(20,000)	*3*	78,002
Pledged and restricted bank deposits	93,056	(90,000)	*4*	—
		(3,056)	*5*	
Cash and cash equivalents	389,064	(85,053)	*5*	304,011
	865,377			667,268

	The Group	Pro forma adjustments		The Enlarged Group
	RMB'000	*RMB'000*		*RMB'000*
	Note 1		*Notes*	
LIABILITIES				
Current liabilities				
Trade payables	(19,977)			(19,977)
Accruals and other payables	(20,562)			(20,562)
Income tax payable	(1,866)			(1,866)
Interest-bearing bank borrowings	(163,700)			(163,700)
Other borrowings	(97,178)			(97,178)
Provisions	(6,011)			(6,011)
	(309,294)			(309,294)
Net current assets	556,083			357,974
Net assets	670,081			670,081
Equity attributable to owners of the Company				
Share capital	77,801			77,801
Reserves	592,280			592,280
TOTAL EQUITY	670,081			670,081

Notes:

1. The balances for the assets and liabilities of the Group are extracted from the audited consolidated financial position of the Group as at 31 December 2012 as per the published annual report of the Group for the year ended 31 December 2012.

2. The adjustment represents the Leased Production Facilities acquired by the Group at a consideration of RMB198,109,000.

3. The adjustment represents the transfer of deposit of RMB20 million under the Lease Agreement as the deposit of the Acquisition upon the signing of the Asset Acquisition Agreement.

4. The adjustment represents the first payment of approximately RMB90 million in cash within 15 days upon the signing of the Asset Acquisition Agreement.

5. The adjustment represents the payment of remaining balance of RMB88.1 million in cash within 15 days of the Completion Date.

6. No adjustments have been made to reflect the financial effects on assets and liabilities of the Enlarged Group after the Acquisition and any trading result or other transaction of the Group entered into subsequent to 31 December 2012.

The following is the text of letter and valuation certificates, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 December 2012 of the property interests to be held by the Group in the People's Republic of China.

GRANT SHERMAN

Unit 1005, 10/F., AXA Centre,
151 Gloucester Road,
Wanchai,
Hong Kong

28 March 2013

The Directors
Golden Shield Holdings (Industrial) Limited
Unit 1003, 10/F,
No. 69 Jervois Street,
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests to be held by Golden Shield Holdings (Industrial) Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 31 December 2012 ("date of valuation") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interests where we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interest in Group I which will be held by the Group for self-occupation in the PRC, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price in Weinan City and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparables sales. The approach is subject to adequate potential profitability of the business.

Our valuation has been made on the assumption that the owner sells the property interest on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

We have been provided with copies of extracts of title documents relating to the property in the PRC. However, we have not caused title searches to be made for the property interest at the relevant government bureaus in the PRC and we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest in the PRC, we have relied on the legal opinion ("the PRC legal opinion") provided by the Group's PRC legal adviser, Dacheng Law Offices.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the property and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior of the property, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exits, unless noted in the valuation certificate.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate adopted in valuing the property interests in the PRC as at 31 December 2012 was HK$1: RMB0.8129. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

We enclose herewith the valuation certificate.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP)
Director
Real Estate Group

Note: Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 9 years experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim. Mr. Chan joined Grant Sherman Appraisal Limited in 2012.

VALUATION CERTIFICATE

Group I — Property interest to be held by the Group for self-occupation purpose in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2012
An industrial complex located at the west of Beidianchang Road, Xiyu Road, Huawang Village South, Sanhe County, Pucheng Town, Weinan City, Shaanxi Province, the PRC	The property comprises a parcel of land together with various single to 3-storey buildings and structures completed in about 2011 erected thereon. The site area and total gross floor area of the property are approximately 96,369.79 sq.m. and 31,508.95 sq.m. respectively. The land use rights of the property were granted for a term of 50 years expiring on 27 December 2057 for industrial use.	The property was occupied for industrial and ancillary uses as at the date of valuation. The external condition of the property was good.	RMB120,500,000 (equivalent to approximately HK$148,230,000) **Interest attributable to the Group** 100% **Market Value in existing state to be attributable to the Group as at 31 December 2012** RMB120,500,000 (equivalent to approximately HK$148,230,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract (Document No.: 蒲土出(2008)33號) entered into between the State-owned Land and Resources Bureau of Pucheng Town, Shaanxi Province (the "Grantor") and Shaanxi Pucheng Yinhe Textile Co., Ltd. (the "Grantee") dated 22 July 2008, the land parcel of the property with a site area of approximately 96,366.67 sq.m. were granted from the Grantor to the Grantee at a consideration of RMB1,705,690 for a term of 50 years commencing on the date the handover of the land parcel of the property for industrial use. Furthermore, as stated in the State-owned Land Use Rights Grant Contract, the permitted plot ratio of the land parcel of the property is not less than 0.6.

2. Pursuant to a State-owned Land Use Certificate (Document No.: Pu Guo Yong (2008) No. 00500), the land use rights of the property with a site area of approximately 96,369.79 sq.m. were granted to Shaanxi Pucheng Yinhe Textile Co., Ltd. for a term of 50 years expiring on 27 December 2057 for industrial use.

3. Pursuant to a Building Ownership Certificate (Document No.: Pu Fang Quan Zheng Suo Zi No. Guo 110), the ownership of various buildings of the property with a total gross floor area of approximately 31,508.95 sq.m. is vested in Shaanxi Pucheng Yinhe Textile Co., Ltd.

4. The property was inspected by Mr Lawrence Chan Ka Wah *(MRICS MHKIS RPS(GP))* on 5 January 2013, the external condition of the property was reasonable.

5. The property is situated on the area close to the centre of Pucheng Town, the headquarter of the local government and People's Court of Pucheng are situated nearby, various low to medium rise residential buildings found in the locality. The property is accessible by bus and taxi.

6. As advised by the Company, Shaanxi Pucheng Yinhe Textile Co., Ltd. is a limited liability company established under the laws of the PRC.

7. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Dacheng Law Offices, which contains, *inter alia*, the following information:

   (a) The registered owner of the property is Shaanxi Pucheng Yinhe Textile Co., Ltd. The property is entitled to be occupied, transferred, leased and mortgaged; and

   (b) The property is free from any mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property.

The following is the text of letter, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 December 2012 of the plant and machinery to be held by the Group in the People's Republic of China.

GRANT SHERMAN

Unit 1005, 10/F., AXA Centre,
151 Gloucester Road,
Wanchai,
Hong Kong

28 March 2013

The Directors
Golden Shield Holdings (Industrial) Limited
Unit 1003, 10th Floor
No. 69 Jervois Street
Hong Kong

Dear Sirs or Madams,

In accordance with your instructions, we have made an appraisal of the Machinery and Equipment (the "Equipment") exhibited to us as that to be held by Golden Shield Holdings (Industrial) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group").

This letter, which forms part of our appraisal report, identifies the Equipment, the scope and character of our investigation, the premise of the value adopted, the valuation approaches adopted, and our conclusion of value.

We confirm that we have carried out an inspection, made relevant inquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair market value of the Equipment as of 31 December 2012 (the "date of valuation").

It is our understanding that this appraisal report was prepared for the purpose of incorporation in this public circular and for the reference of the shareholders.

INTRODUCTION

Golden Shield Holdings (Industrial) Limited (stock code: 2123) is an investment holding company listed on the Main Board of the Stock Exchange of Hong Kong Limited, together with its subsidiaries (collectively referred to as the "Group"), is principally engaged in the production and sale of cotton yarn and grey fabric and trading of raw materials for textile products. The machinery and equipment appraised included the whole process flow of complete equipment system for cotton manufacturing, cotton spinning & weaving process such as cotton spinning machine, the warp knitting machine, twisted line machinery, weaving machinery, draw frame, roving frame, spinning frame, auto winder, comber, lap former, rollers, rings, spindles, office equipment, electrical appliances and other production machinery. This appraisal report comprises:

— this letter, identifying the Equipment, describing the nature and extent of the investigation, and presenting the conclusion of value;

— an inventory showing the proper description and the fair market value for the Equipment

— assumptions and limiting conditions; and

— a statement of normal service conditions.

We have only performed valuation for the Equipment, which was specifically identified by the Company. Excluded from this investigation were other machinery and equipment, other tooling and accessory, other motor vehicles, land, buildings and structures, building improvements, tangible assets of current nature and intangible assets that might exist.

The Equipment was located at the west of Beidianchang Road, Xiyu Road, Huawang Village South, Sanhe County, Pucheng Town, Weinan City, Shaanxi Province, the PRC.

PREMISE OF VALUE

The premise of value will be fair market value, which is defined as the following:

Fair market value is defined as the estimated amount at which a property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

VALUATION METHODOLOGY

Before arriving at our opinion of value, we personally inspected the Equipment and studied the market conditions. To develop our opinion of value, we considered the three generally accepted approaches to value: cost, market and income capitalization. The theory of these approaches is outlined as follows:

The cost approach

The cost approach establishes value based on the cost of reproducing or replacing the Equipment, less depreciation from physical deterioration, and functional and economic/external obsolescence.

Cost of Reproduction New is defined as the estimated amount required to reproduce the Equipment at one time in like kind and materials in accordance with current market prices for materials, labor, and manufactured equipment, contractors' overhead and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for materials or equipment.

Cost of Replacement New is defined as the estimated amount required to replace the entire property at one time with a modern new unit using the most current technology and construction materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, and manufactured equipment, contractors' overhead and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for materials or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the Equipment such as changes in design, materials, or process that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by unfavorable conditions external to the Equipment such as the local economy, economics of the industry, availability of financing, encroachment of objectionable enterprises, loss of material and labor sources, lack of efficient transportation, shifting of business centers, passage of new legislation, and changes in ordinances.

The formula of determining the Depreciated Replacement Cost of the Equipment is as below:

Cost of Reproduction New/Cost of Replacement New multiplied by (Physical Deterioration plus Functional Obsolescence plus Economic/External Obsolescence) = The Depreciated Replacement Cost of the Equipment

In cost approach, we start with the market information of the Equipment from the first hand market. Then, we added the transportation expenses, insurance, commissioning (testing) costs and installation costs as the principle of cost approach is to replace similar Equipment as at the date of valuation.

We have determined the physical life-span of each of the Equipment to be appraised. In practice, we would estimate a basic life-span of the Equipment subject to their functions and technology based on our professional knowledge and experiences. The following factors would also be considered during our determination of the basic life-span of the Equipment:

(a) Manufacturers: equipment made by some well-known manufacturers are more durable than those manufactured by small producers;

(b) Maintenance policy: During our site inspection, we would communicate with the Company about their maintenance policy, such as the frequency of maintenance and inspection checking work and the qualification of engineers involved.

(c) Product Market: the life-span of some Equipments is much shorter due to more frequent release of new models and new technology, such as mobile phone, computers.

We would then determine the appropriate depreciation rates ("Depreciation Rate") of each of the Equipment with reference to their maintenance conditions during site inspection and in accordance with our professional knowledge and experience.

Finally, the replacement cost is determined by the value of new Equipment multiplied by the Depreciation Rate in our valuation opinion.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

When market transactions of comparable Equipment are not available, when data cannot be extrapolated from larger transactions, or when transactions are non-existent, under premise of continued use, assuming adequate earnings the cost approach is the preferred valuation procedure.

The market approach

In the market approach, the value of the appraised Equipment is estimated through analysis of recent sales of comparable items of the Equipment. It is employed in the valuation of the Equipment for which there is a known used market. Under the premise of continued use assuming adequate earnings, consideration is given to the cost to acquire similar items in the used-equipment market; an allowance then is made to reflect the costs for freight and installation.

A variant of the direct market approach is the use of market relationship. Recent market prices for Equipment in an asset classification are determined with respect to age and are compared with a benchmark price, such as the cost of reproduction new. The ratio is applied to similar Equipment in the classification when the secondary market for the subject equipment is too sparse to exhibit appropriate comparables.

In market approach, we compare the differences between the subject Equipment and the comparable equipments in terms of:

(a) used life

(b) capacity

(c) maintenance/condition observed during site inspection

(d) technology of the equipment

(e) producers

We then determine an adjustment rate with reference to the above factors and in accordance with our professional knowledge and experiences. Allowance is also made to reflect the costs for freight and installation.

Then the fair market value is derived from recent market prices for the Equipment as adjusted by the required adjustment rate in our valuation opinion.

The income capitalization approach

In the income capitalization approach, value is developed on the basis of capitalization of the net earnings that would be generated if a specific stream of income can be attributed to an asset or a group of assets. This approach is most applicable to investment and general-use properties where there is an established and identifiable rental market.

In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to the subject Equipment. In some situations, elements of two or three approaches may be combined to reach a value conclusion. For this appraisal, since the income generated by the Equipment could hardly be identified, therefore, the income capitalization approach was not applied. The cost and market approaches were the principal methods adopted to arrive at our opinion of value.

Data collection process

In our valuation exercise, we collect market information relating to the Equipment to be appraised from the following sources:

(a) Manufacturer, wholesellers or dealers: directly communicate with manufacturer, wholeseller and dealers for direct and reliable information of the new equipment of similar models such as quotations and list prices; For new cotton yarn spinning equipment, source quote is primarily obtained from domestic manufacturers such as Jingway Textile Machinery Company Limited (經緯紡織機械股份有限公司) and Shanghai East Pump Group (上海東方泵業集團);

(b) Second hand equipment traders & agencies: obtain the price information of the second hand equipments. For second hand cotton yarn spinning equipment, source quote is primarily obtained from Jinan Xinfu Textile Resources Limited (濟南幸福紡織物資有限公司);

(c) Business-related website: obtain suggested selling price and/or benchmark price information are available on some industry websites; For example, (紡織機械網) (http://www.fzjx365.com/), (中華紡織網) (http://www.texindex.com.cn) and (全球紡織網) (http://www.tnc.com.cn);

(d) Reference magazines/books: for general and common industrial use equipment such as air-compressing machine, boiler, dyeing machines, price data are also derived from trade magazines and books generally available for sales in the market such as Machinery and electrical instrument quotation handbook (機電產品報價手冊) published by China Machine Press (機械工業資訊研究院編).

INVESTIGATION AND ASSUMPTIONS

We conducted an inspection of the Equipment on 8 November 2012. During our inspection, we noted that most of the Equipment was in good condition. In the course of our investigation, we accepted property records furnished by the Company as properly describing the Equipment. We visited the locations to verify the existence of the Equipment and to gather information relating to its condition and utility. The balance of the information provided by the Company, after adjustments based on our observation, although not subject to a detailed verification, was accepted as reasonably representing the facts.

Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or other observable conditions distinguishing the Equipment from equipment of like kind in new condition were noted and made part of our judgment in arriving at the value.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the assets are used. It was assumed that prospective earnings would provide a reasonable return on the appraised value of the assets, plus the value of any assets not included in the valuation, and adequate net working capital.

We have not carried out a mechanical survey, nor have we inspected covered or inaccessible areas of the equipment. Also, no investigation was conducted as to whether the operation of specific pieces of Equipment complied with the relevant environmental standards and ordinances; we have assumed that the equipment are and will continue complied with the current environmental standards and ordinances. We have made no allowance in our valuation for any costs associated with the disposal or handling of materials to comply with current or pending environmental legislation.

CONCLUSION OF VALUE

Based on the investigation described, it is our opinion that as of 31 December 2012, the fair market value of the Equipment is reasonably represented by the amount of RENMINBI SEVENTY SEVEN MILLION SIX HUNDRED AND NINE THOUSAND (RMB77,609,000).

For the purpose of this appraisal, we have reviewed the acquisition records and asset listings as well as other related technical specifications and documents supplied to us by the Company. We have relied to a considerable extent on such records, listings, specifications and documents in arriving at our opinion of value.

We have not investigated the title to or any liabilities against the Equipment.

We hereby certify that we have neither present nor prospective interest in the Equipment or the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Keith C.C. Yan, *ASA*
Managing Director

Investigation and report by:
Keith C.C. Yan, *ASA*
Sunny Lee, *MSAE, AMHKIE, AMIMechE*

Note: Mr. Keith Yan is an Accredited Senior Appraiser and he has conducted business valuation and plant and machinery valuation in Greater China Region for various purposes since 1988.

A. PRODUCTION EQUIPMENT

A1. Mixing Facilities

The function of mixing facilities is to mix different bales of raw cotton with each other to achieve desired properties.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
1	Blow-room chute feed line	JKWF1203	Jingwei Textile Machinery Co., Ltd	1	2011
2	Reciprocating plucker	JWF1009	Jingwei Textile Machinery Co., Ltd	1	2011
3	Cotton conveying fan	FT245FB	Jingwei Textile Machinery Co., Ltd	1	2011
4	Three-in-one fire, metal and sundries detector	AMP3000	Jingwei Textile Machinery Co., Ltd	1	2011
5	Mote splitter	FT215B	Jingwei Textile Machinery Co., Ltd	1	2011
6	Bridge magnet	FT214A	Jingwei Textile Machinery Co., Ltd	1	2011
7	Heavy stuff separator	FA125A	Jingwei Textile Machinery Co., Ltd	1	2011
8	Cotton conveying fan	FT240F	Jingwei Textile Machinery Co., Ltd	1	2011
9	Single-axial flow cotton opener	FA105A	Jingwei Textile Machinery Co., Ltd	1	2011
10	Cotton conveying fan	FT222F	Jingwei Textile Machinery Co., Ltd	1	2011
11	Multi-bin cotton roller	FA029	Jingwei Textile Machinery Co., Ltd	1	2011
12	Magnet	FT224	Jingwei Textile Machinery Co., Ltd	1	2011
13	Vertical condenser	FA055	Jingwei Textile Machinery Co., Ltd	1	2011
14	Fine cotton condenser	JWF1115	Jingwei Textile Machinery Co., Ltd	1	2011
15	Cotton conveying fan	FT201B	Jingwei Textile Machinery Co., Ltd	1	2011
16	Spirit 6	N/A	Jingwei Textile Machinery Co., Ltd	1	2011
17	Continuous feeding controller	FT301B	Jingwei Textile Machinery Co., Ltd	1	2011
18	Cotton conveying fan	FT201B	Jingwei Textile Machinery Co., Ltd	1	2011
19	Fire detector	119AII-P	Jingwei Textile Machinery Co., Ltd	1	2011
20	Fan support	N/A	Jingwei Textile Machinery Co., Ltd	1	2011

A2. Blowing Facilities

The function of blowing facilities is to loosen and convert bales of raw cotton into small, light fluffy tufts for the removal of dirt and large foreign matters.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
21	Reciprocating plucker	JWF1009-230	Jingwei Textile Machinery Co., Ltd	1	2011
22	Cotton conveying fan	FT245FB	Jingwei Textile Machinery Co., Ltd	1	2011
23	Three-in-one fire, metal and sundries detector	AMP3000	Jingwei Textile Machinery Co., Ltd	1	2011
24	Mote splitter	FT215B	Jingwei Textile Machinery Co., Ltd	1	2011
25	Bridge magnet	FT214A	Jingwei Textile Machinery Co., Ltd	1	2011
26	Heavy stuff separator	FA125	Jingwei Textile Machinery Co., Ltd	1	2011
27	Cotton conveying fan	FT240F	Jingwei Textile Machinery Co., Ltd	5	2011
28	Single-axial flow cotton opener	FA105A	Jingwei Textile Machinery Co., Ltd	1	2011
29	Cotton conveying fan	FT222F	Jingwei Textile Machinery Co., Ltd	2	2011
30	Multi-bin cotton roller	FA029	Jingwei Textile Machinery Co., Ltd	2	2011
31	Magnet	FT224	Jingwei Textile Machinery Co., Ltd	2	2011
32	Cotton feeder	FA179A	Jingwei Textile Machinery Co., Ltd	2	2011
33	Main shaker	FA116A, JWF1115	Jingwei Textile Machinery Co., Ltd	2	2011
34	Spirit 6	N/A	Jingwei Textile Machinery Co., Ltd	2	2011
35	Mote catcher	FA156	Jingwei Textile Machinery Co., Ltd	2	2011

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
36	Two-way distributor	FT221A	Jingwei Textile Machinery Co., Ltd	1	2011
37	Continuous feeding controller	FT301B	Jingwei Textile Machinery Co., Ltd	2	2011
38	Cotton conveying fan	FT201B	Jingwei Textile Machinery Co., Ltd	2	2011
39	Fire detector	119AII-P	Jingwei Textile Machinery Co., Ltd	2	2011
40	Cotton box	JWF1171	Jingwei Textile Machinery Co., Ltd	12	2011
41	Self-regulating equalizer	FT025B	Jingwei Textile Machinery Co., Ltd	12	2011
42	Cotton conveying machine	JWF1203	Jingwei Textile Machinery Co., Ltd	14	2011
43	Quick-wear spare part	N/A	Jingwei Textile Machinery Co., Ltd	1	2011
44	Tool	N/A	Jingwei Textile Machinery Co., Ltd	1	2011

A3. Carding Facilities

The function of carding facilities is to separate the sheets of tufts into individual fibers, remove trash particles and short fibers, orientate the fibers lengthwise and evenly distribute them before reassembling the fibers into a net-like and sliver form.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
45	Cotton box	JWF1171	Jingwei Textile Machinery Co., Ltd	7	2011
46	Self-regulating equalizer	FT025B	Jingwei Textile Machinery Co., Ltd	7	2011
47	Carding machine	JWF1203	Jingwei Textile Machinery Co., Ltd	7	2011
48	Cotton conveying and dust filtration tube	N/A	N/A	1	2011

A4. Drawing Facilities

The function of drawing facilities is to increase the parallelism of fibers by combining several slivers into one drawn sliver.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
49	Drawing frame	JWF1310	Jingwei Textile Machinery Co., Ltd	6	2011
50	Drawing frame	JWF1312	Jingwei Textile Machinery Co., Ltd	6	2011

A5. Combing Facilities

The function of combing facilities is to parallel the fibers and removes any short fibers and impurities from the long staple so that the combed fibers will be more uniform in length and suitable for further possessing.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
51	Comber	JWF1275	Jingwei Textile Machinery Co., Ltd	15	2011
52	Comber tool	JWF1275ZG	N/A	1	2011
53	Drawing and rolling tool	JWF1381ZG	N/A	1	2011
54	Drawing and rolling combination machine	JWF1381	N/A	3	2011
55	Cotton conveying dolly	MJC-00	N/A	12	2011
56	Bobbin	200*300	N/A	N/A	N/A

A6. Roving Facilities

The function of roving facilities is to reduce the weight/size of the drawn sliver and increase the parallelism of the fibers which are twisted to be suitable for spinning.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
57	Roving frame (including plastic pipe)	JWF1425-132	Jingwei Textile Machinery Co., Ltd	15	2011

A7. Spinning Facilities

The function of spinning facilities is to insert twist and drafts the roving into yarn with desired yarn size or count number.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
58	Spinning frame (including plastic pipe)	JWF1510	Jingwei Textile Machinery Co., Ltd	126	2011
59	Installation tool	N/A	N/A	3	2011

A8. Winding Facilities

The function of winding facilities is to remove impurities and defects and pack the yarns into a correct package (bobbins) for further process and transportation.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
60	Automatic bobbin winder	SMARO-60	Jingwei Textile Machinery Co., Ltd	14	2011

A9. Production Supporting Facilities

Production Supporting Facilities include power supply system, air-conditioners and purification system, fire-prevention system and production use accessories.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
61	Submersible pump	100WQ80-9-4	Shanghai East Pump (Group) Co., Ltd	6	2011
62	Control cabinet	DFK-Q4-1	Shanghai East Pump (Group) Co., Ltd	2	2011
63	Fire pump	XBD7/15-L	Shanghai East Pump (Group) Co., Ltd	2	2011
64	Control cabinet	DFK-X18.5-Z	Shanghai East Pump (Group) Co., Ltd	2	2011
65	Booster pump	DFG80-169K/7.5	Shanghai East Pump (Group) Co., Ltd	2	2011
66	Control cabinet	DFK-S7.5-2V	Shanghai East Pump (Group) Co., Ltd	2	2011
67	Foundation pipe valve	DN80	Shanghai East Pump (Group) Co., Ltd	1	2011
68	Vacuum diversion tank before pump	YGL500-1200	Shanghai East Pump (Group) Co., Ltd	1	2011
69	Stirring submersible sewage pump	5011VQ25-15-1.5	Shanghai East Pump (Group) Co., Ltd	1	2011
70	surge tank	SQL600-0.6	N/A	1	2011
71	Plastic pipe	205	Henan First Textile Equipment Holdings Co., Ltd	240,000	2011
72	Roving bobbin	22*445	Henan First Textile Equipment Holdings Co., Ltd	90,000	2011
73	Cop pass box	500*404*320	Henan First Textile Equipment Holdings Co., Ltd	200	2011
74	Pipe swing box	360*240*240	Zhejiang Sanyou Plastic Holdings Co., Ltd	320	2011
75	Sliver can	600*1100	Sanmenxia Yulong Textile Accessories Co., Ltd	150	2011
76	Sliver can	600*1200	Sanmenxia Yulong Textile Accessories Co., Ltd	140	2011
77	Sliver can	1000*1100	Sanmenxia Yulong Textile Accessories Co., Ltd	150	2011
78	Sliver can	400*1100	Sanmenxia Yulong Textile Accessories Co., Ltd	1,186	2011
79	Dust collecting unit	CQYL-III-5	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
80	Centrifugal fan	SFF232-12N	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
81	Dust collecting unit	CQYL-III-5	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
82	Centrifugal fan	SFF232-12N	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
83	Dust collecting unit	CQYL-III-5	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
84	Centrifugal fan	SFF232-12N	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
85	Dust collecting unit	CQYL-III-5	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
86	Centrifugal fan	SFF232-12N	Tangshan Tianyi Electromechanical Equipment Manufacturing Co., Ltd	1	2011
87	Nosy air compressor	EP-55A	Shanghai Nosy Compressor Co., Ltd	2	2010
88	Freezing dryer	NSD13	Shanghai Nosy Compressor Co., Ltd	1	2010
89	Primary filter	C-13	Shanghai Nosy Compressor Co., Ltd	1	2010
90	Secondary filter	T-14	Shanghai Nosy Compressor Co., Ltd	1	2010

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
91	Third filter	A-13	Shanghai Nosy Compressor Co., Ltd	1	2010
92	Air storage tank	C-2/8	Shanghai Nosy Compressor Co., Ltd	1	2010
93	Air storage tank	C-3/8	Shanghai Nosy Compressor Co., Ltd	1	2011
94	Cable	3*150+1.70	Jiangsu Nanyang Cable Co., Ltd	1,950	2011
95	Cable	3*120+1.70	Jiangsu Nanyang Cable Co., Ltd	947	2011
96	Cable	3*95+1*50	Jiangsu Nanyang Cable Co., Ltd	424	2011
97	Cable	3*70+1*35	Jiangsu Nanyang Cable Co., Ltd	136	2011
98	Cable	3*35+1*16	Jiangsu Nanyang Cable Co., Ltd	118	2011
99	Line of high voltage room of Twin Towers Deterioration Factory	7KM	Shaanxi Puguang Power Co., Ltd	7,000	2011
100	10KW power transmission line (excavation and pole erection)	N/A	N/A	95	2011
101	Transformer	SCB9-1600KVA	Xian Guangzhiyuan Electrical Equipment Co. Ltd Pucheng Transformer Factory	2	2011
102	Transformer	SCB9-1000KVA	Xian Guangzhiyuan Electrical Equipment Co. Ltd Pucheng Transformer Factory	1	2011
103	Distribution cabinet	GGD\XL-21	Xian Guangzhiyuan Electrical Equipment Co. Ltd Pucheng Transformer Factory	59	2011
104	Air-conditioner	N/A	N/A	1	2011
105	GRP air conduit for inorganic cloth burning	N/A	Yancheng Jieyou Air-Conditioning Equipment Co., Ltd	9,280	2011
106	GRP air conduit for inorganic cloth burning and fittings	N/A	Yancheng Jieyou Air-Conditioning Equipment Co., Ltd	5,779	2011
107	Steam boiler	SZ4-1.25-AII	Shaanxi Weinan Boiler Factory	1	2011
108	Lighting and weak current work of Liuwan Spindle Factory	N/A	Shaanxi Yinuo Decoration Co., Ltd	N/A	2011
109	Single-tube lighting lamp with lampshade	T8 (1*4)	Xian Huaqiang Lighting Electrical Appliances Co., Ltd	132.5	2011
110	Precision ball bearing steel collar	PG1/2-3854	Shanxi Chenyu Electromechanical Equipment Manufacturing Co., Ltd	6	2011
111	Wuxi No. 2 Rubber	N/A	N/A	N/A	2011
112	Baling press for waste cotton	N/A	N/A	N/A	2011
113	Cotton fluffer	N/A	N/A	N/A	2011
114	Submersible pump	200QJ20K-175	Shaanxi Fulong Electromechanical Equipment Manufacturing Co., Ltd	N/A	2011

B. QUALITY CONTROL EQUIPMENT

Quality control equipment include various laboratory instruments for testing and quality checking for finished products.

Item	Equipment Name	Model Number	Producer(s)	Quantity	Year of Acquisition
1	Yarn examining machine	Y381A	Changzhou No. 2 Textile Machinery Plant	1	1987
2	Electronic balance	MP2002	Changzhou No. 1 Textile Equipment Co., Ltd	1	2005
3	Electronic single yarn strength tester	YG020J	Changzhou No.1 Textile Equipment Co., Ltd	1	2007
4	Printer	LQ-300K	Changzhou No.1 Textile Equipment Co., Ltd	1	2007
5	Bala constant temperature oven	Y802A	Changzhou Textile Instrument Plant	1	1984
6	Chainomatic balance	TL-02	Shanghai No. 2 Balance Instrument Plant	1	1969
7	Sliver and roving length sampler	Y301	Changzhou No. 2 Textile Machinery Plant	1	1975
8	Yarn twist instrument	YG155A	Changzhou No.1 Textile Equipment Co., Ltd	1	2007
9	Measuring reel	Y351	Shanghai No. 7 Textile Machinery Plant	1	1995
10	Yarn evenness testing and analysis meter	CT200	Shaanxi Changling Textile Electromechanical Technology Co., Ltd	1	2009
11	Single yarn strength tester	YG021A	Changzhou No. 2 Textile Instrument Plant	1	1995
12	Roving twist machine	Y321	Zhejiang Wenzhou Textile Instrument Plant	1	N/A
13	Lap evenness testing meter	Y201A	Changzhou No. 2 Textile Machinery Plant	1	1979
14	Chainomatic balance	TL-02	China Shanghai Yonghong Instrument Plant	1	N/A
15	Air-flowing type fiber tester	Y145	State-operated Changzhou Textile Instrument Plant	1	1978
16	Torsion balances (precision)	JN-A	Shanghai Lineng Instrument Plant	1	1966
17	Impurity separator	Y101	Shanghai No. 4 Textile Machinery Plant	1	N/A
18	Microscope	XSC-04	N/A	1	N/A
19	Ties fiber strength tester	Y162	Shanghai No. 7 Textile Machinery Plant	1	1976
20	Microcomputer raw cotton moisture meter	XJ101	Shaanxi Province Machinery Research Institute	1	N/A
21	Small pound scale	N/A	N/A	2	N/A
22	Large pound scale	N/A	N/A	1	2000
23	Bench scale	AGT-5	N/A	1	N/A

C. OFFICE EQUIPMENT

Office equipment includes furnitures, computers and other automated machines for general administrative purpose.

Item	Equipment Name	Quantity	Year of Acquisition
1	Printer	2	2000
2	Midea 5P cabinet air conditioner	1	2002
3	Midea 3P cabinet air conditioner	2	2002
4	Midea 1P cabinet air conditioner	2	2003
5	Guangdong solid wood king costes chair	2	2002
6	Buying anti-theft door	2	2002
7	Buying anti-theft door	1	2003
8	Safe box	1	2002
9	3-door bookcase	4	2002
10	1m single bed	5	2002
11	Wooden hanger	2	2002
12	Bedside table	2	2002
13	Iron sheet cabinet	1	2002
14	TV bench	2	2002
15	1.6 boss platform	3	2002
16	1.6 boss table	2	2002
17	Boss platform	1	2002
18	Boss chair	2	2002
19	Boss chair	1	2002
20	Curtain	1	2002
21	SAST VCD	1	2002
22	Office chair	43	2003
23	Large office desk	2	2003
24	Medium office desk	4	2003
25	Office table	35	2003
26	Filing cabinet	37	2003
27	Armchair	4	2003
28	Leather sofa	106	2003
29	Long narrow table	18	2003
30	Tea table	2	2003
31	Round meeting table	1	2003
32	Meeting chair	30	2003
33	Large meeting chair	80	2003
34	Revolving chair	3	2003
35	Office table	1	2003
36	Gree air conditioner	1	2003
37	Xiaojindou air conditioner	1	2003
38	Lenovo computer	1	2003
39	TCL air conditioner	1	2005
40	Midea air conditioner	1	2006
41	Safe case	1	2003
42	Sofa and tea table	1	2003
43	Chest and TV set	1	2003
44	1.2m bed	7	2003
45	Round chair and round table	1	2003
46	Computer	1	2003
47	Bookcase	1	2004
48	Boss platform		2004
49	Boss stool	1	2004
50	Copygraph	1	2006

Item	Equipment Name	Quantity	Year of Acquisition
51	Copying machine	1	2006
52	TV set TCL29128	1	2006
53	Fax machine	1	2006
54	Fax machine	1	2007
55	Office furniture	1	2007
56	Lenovo computer	1	2009
57	Office swivel chair	1	2009
58	Air conditioner (sa1208kw)	1	2009
59	Air conditioner (ta180tb)	1	2009
60	Projector	1	2010
61	Monitoring equipment	1	2010
62	Safe case	1	2010
63	Safe case	1	2010
64	Lenovo computer	2	2010
65	Printer	1	2011
66	Printer	1	2011
67	Scanner	2	2011
68	Fax machine	2	2011
69	Lenovo computer	1	2011
70	Generator	1	2011
71	Monitoring equipment	1	2011
72	Lenovo all-in-one machine	1	2011
73	Monitoring equipment	1	2011
74	Boiler	1	2011
75	Computer	2	2012
76	All-in-one machine	1	2012
77	Automatic water boiler	4	2012
78	Gree air conditioner	1	2012
79	TV set	1	2003
80	TV set	2	2009
81	Forklift	1	2010
82	Forklift	1	2011
83	Tricycle	1	2006
84	Handing dolly	2	2011

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 Enlarged Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief and based on the information provided by Shaanxi Pucheng Yinhe, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange:

(i) *Interests in Shares, underlying Shares or debentures of the Company*

Name of Director	Nature of interests	Number of Shares held	Position	Approximate percentage of shareholding
Mr. Qiu	Interest of controlled corporation*(Note)*	527,464,000	Long	56%
Mr. Chen	Interest of controlled corporation*(Note)*	527,464,000	Long	56%

Note: These Shares were owned by Tong Fa Limited ("Tong Fa"), which is owned by Mr. Qiu and Mr. Chen as to 79% and 21% respectively. Mr. Qiu is the sole director of Tong Fa. So far as the Directors are aware, Tong Fa, Mr. Qiu and Mr. Chen collectively are entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Company and are therefore regarded as controlling shareholders of the Company under the Listing Rules.

(ii) ***Interests in shares, underlying shares and debentures of associated corporation of the Company***

Name of Director	Name of associated corporation	Nature of interests	Number of shares of the associated corporation held	Approximate percentage of shareholding	Position
Mr. Qiu	Tong Fa	Beneficial owner	79	79%	Long
Mr. Chen	Tong Fa	Beneficial owner	21	21%	Long

Save as disclosed herein, as at the Latest Practicable Date, none of the Director or chief executive of the Company had any interest or short position in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital:

Name of Shareholder	Nature of interests	Position	No of Shares held	Approximate percentage of shareholding
Tong Fa	Beneficial owner	Long	527,464,000	56%
Wealth Lake[(Note 1)]	Beneficial owner	Long	56,512,000	5.99%
Mr. Cheung[(Note 1)]	Interest of controlled corporation	Long	56,512,000	5.99%
Central Huijin Investment Ltd[(Note 2)]	Interest of controlled corporation	Long	527,464,000	56%
China Construction Bank Corporation[(Note 2)]	Interest of controlled corporation	Long	527,464,000	56%

Notes:

(1) Wealth Lake owns 56,512,000 Shares and the entire issued share capital of Wealth Lake Investment Limited is owned by Mr. Cheung.

(2) Central Huijin Investment Ltd and China Construction Bank Corporation are the ultimate indirect holding company and indirect holding company respectively of Chance Talent Management Limited which is the chargee of 527,464,000 Shares charged by Tong Fa as part of the consideration for issuance of two guaranteed senior secured notes of an aggregate principal amount of HK$120 million due on 16 October 2014 as term loan facility by Chance Talent Management Limited to the Company on 16 October 2012.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company are not aware of any other persons (not being Directors or chief executive of the Company), who had an interest or short position in the Shares or underlying Shares or debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or in any options in respect of such capital.

3. DISCLOSURE OF OTHER INTERESTS

(a) Interests in contract or arrangement

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

(b) Interests in assets

None of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2012, being the date to which the latest published audited accounts of the Group were made up.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors or the controlling shareholders of the Company and their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

(d) Directors' interest in the Acquisition

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had a material interest, directly or indirectly, in the Acquisition and had abstained from voting on the board resolutions in relation to the Acquisition, the Assets Acquisition Agreement and the transactions contemplated thereunder.

4. DIRECTOR SERVICE CONTRACTS

Each of the Mr. Chen, Mr. Chen Zhifeng and Mr. Wu Shoumin, the executive Directors and Mr. Kwong Kwan Tong and Ms. Xue Fang, the independent non-executive Directors has entered into a service contract with the Company for an initial term of three years commencing on 14 July 2011, the date of Listing, subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. Ms. Tong Jinzhi, the independent non-executive Director, has entered into a service contract with the Company for an initial term of three years commencing on 3 December 2012 subject to retirement and re-election in accordance with the bye-laws of the Company. Mr. Qiu Jianfa, an executive Director, who was re-designated from non-executive Director on 25 March 2013 has entered into a service contract with the Company for an initial term of three years commencing from 25 March 2013, subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. All appointments are subject to termination in certain circumstances as stipulated in the relevant service contract.

During the period when Mr. Qiu served as a non-executive Director, he entered into an appointment letter with the Company for a term of three years commencing on 14 July 2011, the date of Listing, and such letter was terminated by mutual consent on 25 March 2013.

Details of the annual emoluments of the Directors as set out in their respective service contract with the Company are as follows:

	HK$
Mr. Chen	1,000,000
Mr. Chen Zhifeng	300,000
Mr. Wu Shoumin	300,000
Mr. Qiu	300,000
Mr. Kwong Kwan Tong	240,000
Ms. Tong Jinzhi	100,000
Ms. Xue Fang	100,000

Each of Mr. Chen, Mr. Chen Zhifeng, Mr. Wu Shoumin and Mr. Qiu has also received an annual emolument in terms of salaries, allowances, benefits in kind and pension scheme contributions from Jing Yang Golden Shield as set out below:

	HK$
Mr. Chen	104,445
Mr. Chen Zhifeng	72,929
Mr. Wu Shoumin	75,712
Mr. Qiu	70,871

As at the Latest Practicable Date, save as disclosed above, none of the Directors had entered or was proposing to enter into a service contract with the Company or any other member of the Enlarged Group (excluding contracts expiring or determinable by the Company or any member of the Enlarged Group within one year without payment of any compensation, other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company within the two years preceding the Latest Practicable Date and are or may be material:

(a) an agreement dated 21 June 2011 between Tong Fa, Hai Xin, Wealth Lake and Mr. Li (who were all Shareholders immediately before the Listing, collectively, the "Vendors") and the Company whereby the Company acquired the entire issued share capital of Jade Goal Holding Limited in consideration of the issue of a total of 999,900 Shares, credited as fully paid at its par value of HK$0.1 each Share, to the Vendors.

(b) a deed of indemnity dated 27 June 2011 given by the Covenantors in favour of the Company and its subsidiaries being the deed of indemnity containing indemnities in respect of, *inter alia*, Hong Kong estate duty and taxation;

(c) a deed of indemnity dated 27 June 2011 given by Tong Fa (which is a controlling shareholder of the Company), Mr. Qiu and Mr. Chen (who are Tong Fa's ultimate beneficial owners) in favour of the Group to jointly and severally indemnify the Group, among other things, (i) for all costs, losses of profits and businesses, penalties and fines and expenses which may be suffered by the Group as a result of or in connection with the 15 buildings in the Jing Yang Production Plant being used for workshop, office, warehouse, dormitory and ancillary purposes without building ownership certificates; (ii) for all costs, expenses, penalties, losses and damages which any Group company may suffer from the Group companies' and/or Jing Yang Golden Shield's failure to register and/or to contribute towards social insurance; and (iii) for all costs, expenses, losses and damages which may be suffered by the Group as a result of or in connection with the redundancy payment payable to the staff of Jing Yang Spinning Mill in relation to the transfer agreement for Jing Yang Spinning Mill in excess of the reserve;

(d) a public offer underwriting agreement dated 27 June 2011 entered into among the Company, the executive Directors, the Covenantors, Guotai Junan Capital Limited (as sponsor), Guotai Junan Securities (Hong Kong) Limited (as lead manager) and Kingsway Financial Services Group Limited, Sanfull Securities Limited and Ever-Long Securities Company Limited (all as public offer underwriters) in relation to the public offer of 24,496,000 new Shares at an offer price of HK$0.70 per Share as further described in the section headed "Underwriting" in the Prospectus;

(e) a placing underwriting agreement dated 5 July 2011 entered into among the Company, the executive Directors, the Covenantors, Hai Xin, Mr. Li and Wealth Lake collectively as the selling Shareholders, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) (as lead manager) Limited and Kingsway Financial Services Group Limited, Sanfull Securities Limited and Ever-Long Securities Company Limited (all as placing underwriters) in relation to the placing of 163,884,000 new Shares and 56,516,000 existing Shares, both at an offer price of HK$0.70 per Share as further described in the section headed "Underwriting" in the Prospectus;

(f) The Lease Agreement;

(g) an investment agreement dated 28 September 2012 entered into among the Company (as issuer), Chance Talent Management Limited (as investor) ("Chance Talent"), Tong Fa, Mr. Qiu and Mr. Chen, pursuant to which, among other things, Chance Talent subscribed, and the Company issued, two guaranteed senior secured notes due 2014 in the aggregate principal amount of HK$120,000,000 to Chance Talent (the "Investment Agreement");

(h) The Assets Acquisition Agreement; and

(i) a supplemental deed to the Investment Agreement dated 8 March 2013 entered into among the Company, Chance Talent, Tong Fa, Mr. Qiu, Mr. Chen and Hong Kong Golden Shield Limited amending certain terms and conditions of the Investment Agreement.

6. LITIGATION

To the best of the Directors' knowledge, information and belief and based on the information provided by Shaanxi Pucheng Yinhe, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation arbitration or claim of material importance is pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

7. MATERIAL CHANGES

As at the Latest Practicable Date, save as disclosed in the section headed "Financial and trading prospects of the Company" in Appendix I to this circular, the Directors were not aware of any material changes in the financial or trading position of the Company since 31 December 2012, the date to which the latest audited financial statements of the Group were made up.

8. QUALIFICATIONS AND CONSENTS OF EXPERTS

(a) The following are the qualifications of the experts who have been named in this circular or have given opinions, letters or advice contained in this circular:

Name	Qualification
Kingsway Capital Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity
Martin C. K. Pong & Company	Certified public accountants, Hong Kong
Dacheng Law Offices	PRC legal advisers
Grant Sherman Appraisal Limited	Professional valuer

(b) As at the Latest Practicable Date, each of Kingsway Capital Limited, Martin C.K. Pong & Company ("Auditor"), Dacheng Law Offices ("Dacheng"), Grant Sherman Appraisal Limited ("Grant Sherman") did not have any shareholding in the Company, nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares or securities in any of the subsidiaries or associated corporations of the Company.

(c) Each of Kingsway Capital Limited, the Auditor, Dacheng and Grant Sherman has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and/or reports and references to its name in the form and context in which they appear.

(d) The letters and/or reports given by each of Kingsway Capital Limited, the Auditor, Dacheng and Grant Sherman are given as of the date of this circular for incorporation herein.

(e) As at the Latest Practicable Date, each of Kingsway Capital Limited, the Auditor, Dacheng and Grant Sherman did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, the Company or are proposed to be acquired or disposed of by, or leased to, the Company since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up.

9. MISCELLANEOUS

(a) The registered address of the Company is at Clarendon House, 2 Church Street. Hamilton HM11, Bermuda;

(b) The principal place of business of the Company in the PRC is at Wenyi Road, Jing Yang County, Xianyang City, Shaanxi Province, the PRC.

(c) The principal place of business of the Company in Hong Kong is at Unit 1003, 10th Floor, No. 69 Jervois Street, Hong Kong.

(d) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopwell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary of the Company is Mr. Loo Koon Tung, James HKICPA, CPA(Aust).

(f) Unless otherwise stated, in the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 1003, 10th Floor, No. 69 Jervois Street, Hong Kong within 14 days from the date of this circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the letter from the Board, the text of which is set out on pages 4 to 13 of this circular;

(c) the letter from the Auditor regarding the unaudited pro forma financial information of the Company, the text of which is set out in Appendix III to this circular;

(d) the property valuation report on the Leased Production Facilities from Grant Sherman, the text of which is set out in Appendix IV to this circular;

(e) the machinery valuation report of the Leased Production Facilities from Grant Sherman, the text of which is set out in Appendix V to this circular;

(f) a written approval of the Acquisition dated 7 February 2013 from Tong Fa;

(g) the material contacts referred to in the paragraph headed "Material Contracts" in this Appendix;

(h) the written consents of the experts referred to in the paragraph headed "Qualifications and Consents of Experts" in this Appendix;

(i) the service contracts referred to in the paragraph headed "Service Contracts" in this Appendix;

(j) the PRC legal opinion dated 8 February 2013 issued by Dacheng;

(k) the Prospectus;

(l) the annual reports of the Company for the financial years ended 31 December 2011 and 31 December 2012, respectively; and

(m) this circular.