

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you are recommended to seek your own independent professional advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you sell or transfer or have sold or otherwise transferred all of your Ordinary Shares in London Asia Capital plc before 15 November 2016 please send this document and any accompanying Application Form along with the accompanying reply envelope but not any accompanying personalised Form of Proxy (and accompanying reply envelope immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The total consideration for the Open Offer Shares being offered in the EEA States shall be less than €5 million (or an equivalent pounds sterling amount) in aggregate and the Firm Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA and so, in accordance with section 85 and Schedule 11A of FSMA, the Open Offer does not require the issue of a prospectus for the purposes of the Prospectus Rules. Neither the Open Offer nor the Firm Placing constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body and, being an offer to Shareholders, has not been approved for the purposes of section 21 of FSMA.

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## **LONDON ASIA CAPITAL PLC**

*(a public limited company incorporated in England and Wales with registered number 03784771)*

### **Regularisation of the Zhongying Shareholding**

**Open Offer of up to 137,705,149 new Ordinary B Shares at 2 pence per share**

**Firm Placing of 220,000,000 new Ordinary B Shares at 2 pence per share**

### **Waiver of Rule 9 of the Takeover Code**

### **Notice of General Meeting and Adoption of New Articles of Association**

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You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company which is set out on pages 7 to 15 of this document. This letter explains the background to, and reasons for, the Proposals and recommends that you vote in favour of the Resolutions.

A notice convening the General Meeting of the Company, to be held at 10.30 a.m. on 7 December 2016 is set out at the end of this document.

The action to be taken by Shareholders in respect of the General Meeting is set out on pages 58 to 59 of this document. Whether or not you plan to attend the General Meeting, you are encouraged to complete the accompanying Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' by no later than 10.30 a.m. on 5 December 2016 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

Qualifying Shareholders will find an Application Form enclosed with this document. Applications under the Open Offer may only be made by Qualifying Shareholders using an Application Form. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned.

The latest time for acceptance and payment under the Open Offer is 5.00 p.m. on 5 December 2016. The procedure for application is set out in Part 3 of this document and the Application Form.

The New Shares described in this document have not been, and will not be, registered under the Securities Act or under the securities laws of any state of the United States. The New Shares are not being offered outside of the United States in "offshore transactions" pursuant to Regulation S of the Securities Act and neither the New Shares, the Basic Entitlement nor the Application Form may be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the New Shares in the United States. The New Shares have not been approved or disapproved by the US Securities

and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, offers, sales or transfers of the New Shares in or into the United States for a period of time following their issue by a person (whether or not participating in the Open Offer) may violate the registration requirements of the Securities Act. Furthermore, the Open Offer Shares have not been and will not be registered under the applicable laws of any of Australia, Canada, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan and, consequently, may not be offered or sold to any national, resident or citizen thereof.

All persons, including nominees, custodians and trustees, must observe these restrictions and may not send or distribute this document into the United States or any other Restricted Jurisdiction.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This document is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, New Zealand, the Republic of Ireland, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Copies of this document are available, free of charge, at the offices of London Asia Capital plc at 6 Grosvenor Street, London W1K 4PZ and on the Company's website [www.londonasiacapital.com](http://www.londonasiacapital.com).

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No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

#### **Cautionary note regarding forward-looking statements**

This document contains statements about London Asia Capital plc that are or may be deemed to be forward-looking statements.

All statements, other than statements of historical facts, included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements may include, without limitation, statements relating to future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, etc.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the Takeover Code, the Prospectus Rules and/or FSMA), London Asia Capital plc does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to London Asia Capital plc or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date.

This document is dated 18 November 2016.

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## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	David Julian Buchler ( <i>Chairman</i> ) Paul Andrew Bobroff ( <i>Managing Director</i> ) Li Jiawei ( <i>Director</i> )
<b>Company Secretary</b>	David Fordham
<b>Registered Office</b>	6 Grosvenor Street London W1K 4PZ
<b>Financial Adviser</b>	finnCap 60 New Broad Street London EC2M 1JJ
<b>Solicitors to the Company as to English law</b>	Rosenblatt Solicitors 9-13 St. Andrew Street London EC4A 3AF

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	5.30 p.m. on 15 November 2016
Announcement of Firm Placing and Open Offer	18 November 2016
Posting of this document, the Form of Proxy and, to Qualifying Shareholders only, the Application Form	18 November 2016
Latest time and date for receipt of completed Application Forms from Qualifying Shareholders and payment in full under the Open Offer	5.00 p.m. on 5 December 2016
Latest time and date for receipt of completed Forms of Proxy for use at the General Meeting	10.30 a.m. on 5 December 2016
General Meeting	10.30 a.m. on 7 December 2016
Announcement of the results of the General Meeting and the Open Offer	7 December 2016
Expected despatch of definitive share certificates for New Shares	week commencing 26 December 2016

**Notes:**

1. Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement on the Company Website.
2. All of the above times refer to London time unless otherwise stated.

## KEY STATISTICS

### PLACING STATISTICS

Number of Existing Ordinary Shares	229,508,582
Number of Firm Placing Shares	220,000,000
Issue Price	2 pence
Percentage of the Enlarged Share Capital represented by the Firm Placing Shares	37.47 per cent.
Gross proceeds of the Firm Placing	£4,400,000

### OPEN OFFER STATISTICS

Number of Ordinary B Shares to be issued pursuant to the Open Offer	up to 137,705,149 Ordinary B Shares
Basis of Open Offer	3 Open Offer Shares for every 5 Existing Ordinary Shares
Issue Price	2 pence
Gross proceeds of the Open Offer	approximately £2,754,103
Enlarged Share Capital following the Firm Placing and the Open Offer	587,213,731 shares
Open Offer Shares as a percentage of the Enlarged Share Capital	23.45 per cent.
Estimated Net Proceeds of the Fundraising	approximately £6.894 million

## PART 1

### LETTER FROM THE CHAIRMAN

#### LONDON ASIA CAPITAL PLC

*(a public limited company incorporated in England and Wales with registered number 03784771)*

Directors:

David Julian Buchler (Chairman)  
Paul Andrew Bobroff (Managing Director)  
Li Jiawei (Director)

Registered Office:  
6 Grosvenor Street  
London  
W1K 4PZ

18 November 2016

*To holders of Ordinary Shares*

Dear Shareholder,

**Regularisation of the Zhongying Shareholding, Firm Placing of 220,000,000 new Ordinary B Shares at 2 pence per share, Open Offer of up to 137,705,149 new Ordinary B Shares at 2 pence per share, Waiver of Rule 9 of the Takeover Code, adoption of New Articles of Association and notice of General Meeting**

#### 1. Introduction and Background to the Proposals

The Company is pleased to announce that it has reached an agreement with Zhongying to regularise its investment in Zhongying and enable all the shareholders in Zhongying to work together to advance its progress. As part of this agreement the Company will pay a total amount of £4,000,000 to Zhongying which will be applied to complete the outstanding shareholder subscription for the shares in the company and to settle all interest, costs and other amounts due to Zhongying under the subscription and joint venture agreement.

In order to give effect to this agreement and to provide sufficient working capital to enable the Company to work to enhance the value of the Zhongying Shareholding the Company proposes to raise Gross Proceeds of approximately £7.154 million, before expenses, by way of a Firm Placing of new Ordinary B Shares at 2 pence per share with Richpoint, together with an Open Offer to all Shareholders to subscribe for additional Ordinary B Shares at the same price as the Firm Placing Shares. Subject to the terms of the Open Offer, Qualifying Shareholders who have taken up their Basic Entitlement in full may apply for as many additional Open Offer Shares as they wish to under the Excess Application Facility of the Open Offer.

Shareholders will be aware that a 20 per cent. interest in Zhongying was acquired by the Company in 2005 pursuant to a joint venture agreement entered into between, amongst others, the Company and Zhongying (the "2005 JV Agreement"). The 2005 JV Agreement was subsequently updated by a joint venture agreement entered into between, amongst others the Company and Zhongying in 2007 (the "2007 JV Agreement"). Payment for the Zhongying Shareholding as set out in the 2005 JV Agreement and 2007 JV Agreement required a total subscription payment of RMB 200,000,000 to be made to Zhongying of which RMB 170,000,000 has been paid. Since 2011 the Company has not received information relating to Zhongying nor was it able to have its representatives appointed to the board of directors of Zhongying which it was entitled to do under both the 2005 JV Agreement and the 2007 JV Agreement.

The Company has been subject to threats of litigation in relation to the outstanding subscription sums due to Zhongying in respect of the Zhongying Shareholding.

Since I became Chairman in 2011 and more particularly since July 2013 it has been my objective to establish a proper working relationship with Zhongying so that Shareholders in the Company would be able to enjoy the benefits of this long term investment. This objective now has been achieved following the provision in mid-April 2016 of financial information pertaining

to Zhongying and the agreement subsequently concluded to regularise the Company's investment in Zhongying.

We shall now be able to work in partnership with Zhongying and its other shareholders to enhance the value and prospects for Zhongying. While the Zhongying joint venture lasts until 2035, the Directors believe that, for the first time, the Company is in the position to realise the benefits of this investment. In formulating the Proposals the Directors have tried to ensure that all Shareholders are treated fairly and have an opportunity to fully participate in the Open Offer if they wish to do so. The Directors believe that an issue of Ordinary B Shares at their nominal value of 2 pence per share is the appropriate way to achieve this and welcomes the support of the Company's largest Shareholder, Richpoint, to ensure the success of the Open Offer. By raising a total of £7.154 million, before expenses, the Company believes it will have sufficient cash resources to give effect to the Zhongying settlement, to enhance the value of its investment in Zhongying and to take advantage of further investment opportunities that may arise in the future.

Richpoint has agreed, subject to the terms and conditions of the Underwriting Agreement, to underwrite the Open Offer. Further information in relation to Richpoint is set out in Part 6 of this document.

The Firm Placing and the Open Offer are conditional, *inter alia*, on the passing of the Resolutions at the General Meeting and the Underwriting Agreement between the Company and Richpoint becoming unconditional and not being terminated prior to the Closing Date (in accordance with its terms).

The Net Proceeds are intended to be used by the Company to pay the Zhongying Settlement Sum (which comprises £4m to settle the outstanding subscription sums of approximately £3.1m due to Zhongying for the shares previously subscribed by the Company in Zhongying plus associated interests and costs) with the balance of the Net Proceeds to be used for general working capital purposes in connection with the exploitation of the Company's investment in Zhongying and for other appropriate opportunities. The Board considers that it is not appropriate to deplete the Company's existing cash reserves to pay the Zhongying Settlement Sum as the further exploitation of its investment in Zhongying and/or the exploitation of new opportunities that may arise in the future may require further cash resources.

The purpose of this document is to explain the background to, and reasons for, the Fundraising, and to explain why the Directors consider the Fundraising to be in the best interests of the Company and its Shareholders as a whole and to seek Shareholder approval for the Fundraising.

At the end of this document is the Notice convening the General Meeting at which the Resolutions will be proposed. The General Meeting has been convened for 10.30 a.m. on 7 December 2016 and will take place at The Waterloo Suite, Millennium Hotel, 44 Grosvenor Square, Mayfair, London W1K 2HP.

## **2. New Ordinary B Shares**

Having regard to the Board's assessment for the current value of the Company, the Board considers that the appropriate price per share to raise further funds for the Company is 2 pence per share. However, as the existing Ordinary Shares have a nominal value of 5 pence it is not possible, due to prohibitions in the Companies Act, to issue shares at less than their nominal value. Therefore, it is proposed to create a new class of share – Ordinary B Shares – with a nominal value of 2 pence per share, and it will be this class of share that will be issued under the Open Offer and the Firm Placing. The Articles will need to be amended to take account of this new class of share, which will rank *pari passu* (save as to nominal value) in all respects with the existing Ordinary Shares.

## **3. Information on the Company**

The principal activity of the Company and the Group is that of an investment group focussing on China and other Asian markets.



The focus of the Group in recent years has been to maximise shareholder value by realising assets, resolve disputes where possible and find a way of realising the Company's investment in Zhongying.

#### **4. Company update**

The Company published its audited results for the financial year ended 31 December 2015 on 6 June 2016 and these are available in the 'Reports and Accounts' section of its website ([www.londonasiacapital.com](http://www.londonasiacapital.com)) and as referred to in paragraph 8 of Part 6 of this document.

The annual general meeting of the Company was held on 30th June 2016.

#### **5. Use of proceeds**

As noted above, the purpose of the Fundraising is to raise proceeds sufficient to pay the Zhongying Settlement Sum and also for general working capital purposes in connection with the exploitation of the Company's investment in Zhongying and for other appropriate opportunities. The Fundraising is intended to raise Gross Proceeds of up to £7.154 million before expenses.

#### **6. Information on the Firm Placing and the Open Offer**

##### ***Details of the Firm Placing***

The Company has conditionally raised £4,400,000 before expenses by the conditional firm placing of 220,000,000 Firm Placing Shares at the Issue Price with Richpoint.

The Firm Placing is conditional, *inter alia*, upon:

- (i) the passing of the Resolutions;
- (ii) the Underwriting Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to the Closing Date;
- (iii) the warranties set out in the Underwriting Agreement being true, accurate in all material respects and not misleading in any material respect at the date of the Circular and at each Significant Date by reference to the facts and circumstances then subsisting;
- (iv) delivery of the signed Confirmation Letter by the Company to Richpoint immediately before the Closing Date;
- (v) no matter having arisen before the Closing Date which might reasonably be expected to give rise to a claim under the indemnity contained at clause 12 of the Underwriting Agreement; and
- (vi) there having been no material adverse change in the financial position of the Company before the Closing Date.

If any of the conditions are not satisfied or waived (where capable of waiver), the Firm Placing Shares will not be issued and all monies received from Richpoint will be returned to it.

The Firm Placing Shares are not subject to clawback.

##### ***Details of the Open Offer***

The Company is proposing to raise up to approximately £2.754 million before expenses by way of the Open Offer. A total of 137,705,149 new Ordinary B Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Issue Price, payable in full on acceptance. In the event that any Shareholders do not take up their Basic Entitlement, such aggregate number of new Ordinary B Shares which were not taken up by Shareholders under their Basic Entitlement will also be available to be applied for by Qualifying Shareholders pursuant to the Excess Application Facility of the Open Offer, at the Issue Price, payable in full on acceptance. Any Open Offer Shares not subscribed for under the Open Offer will, subject to the terms and conditions of the Underwriting Agreement, be subscribed for by Richpoint pursuant to the terms of the Underwriting Agreement.

Qualifying Shareholders may apply for their Basic Entitlement to Open Offer Shares under the Open Offer at the Issue Price on the following basis:

3 Open Offer Shares for every 5 Existing Ordinary Shares

and so in proportion for any number of Existing Ordinary Shares held by them and registered in their names on the Record Date.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Basic Entitlement. Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 4 of Part 3 of this document.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements as shown on the Application Form. Applicants can apply for less or more than their Basic Entitlements under the Open Offer but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied. The Company may satisfy valid applications for Excess Shares in whole or in part but reserves the right not to satisfy any excess above any Basic Entitlement. The Board may scale back applications made in excess of Basic Entitlements.

**Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Open Offer Shares which are not applied for by Qualifying Shareholders will not be sold or placed for the benefit of the Qualifying Shareholders who do not apply under the Open Offer. Qualifying Shareholders should note that the Application Form is not a negotiable document of title and cannot be traded or otherwise transferred.**

**Qualifying Shareholders who do not apply to take up their Basic Entitlements will have no rights under the Open Offer or receive any proceeds from it. If valid acceptances are not received in respect of all Open Offer Shares under the Open Offer, unallocated Open Offer Shares not taken up under the Excess Application Facility shall, subject to the terms and conditions of the Underwriting Agreement, be allotted to Richpoint under the terms of the Underwriting Agreement.**

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 3 of this document and on the accompanying Application Form.

The Open Offer is conditional on the Firm Placing becoming unconditional in all respects and not being terminated before the Closing Date. The principal conditions to the Firm Placing are:

- (a) the passing of the Resolutions (without amendment) by the requisite majority of votes at the General Meeting by 1.00 p.m. on 7 December 2016;
- (b) the Underwriting Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to the Closing Date;
- (c) the warranties set out in the Underwriting Agreement being true, accurate in all material respects and not misleading in any material respect at the date of the Circular and at each Significant Date by reference to the facts and circumstances then subsisting;
- (d) delivery of the signed Confirmation Letter by the Company to Richpoint immediately before the Closing Date;
- (e) no matter having arisen before the Closing Date which might reasonably be expected to give rise to a claim under the indemnity contained in the Underwriting Agreement; and

- (f) there having been no material adverse change in the financial position of the Company before the Closing Date.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and the Open Offer Shares will not be issued and all monies received by the Company will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 3 of this document and on the accompanying Application Form. To be valid, Application Forms and payment in full for the Open Offer Shares applied for must be received by no later than 5 p.m. on 5 December 2016. Application Forms should be returned to 'The Company Secretary' at London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ.

### **Underwriting of the Open Offer**

Richpoint has irrevocably undertaken not to apply for more than 5,000,000 Open Offer Shares under the Open Offer (representing approximately 12.14 per cent. of its Basic Entitlement) and has also undertaken to underwrite the Open Offer such that it will acquire all of the Open Offer Shares that are not subscribed for under the Open Offer. As a result, in addition to its undertaking to subscribe for the Firm Placing Shares, Richpoint has agreed to underwrite up to a maximum of 137,705,149 Open Offer Shares (representing a maximum aggregate subscription commitment under the Firm Placing and Open Offer of up to £7,154,103).

The Fundraising will result in the issue of 357,705,149 new Ordinary B Shares (representing, in aggregate, approximately 60.92 per cent. of the Enlarged Share Capital). The Open Offer Shares and the Firm Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares (save as to nominal value), including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Following the issue of the Open Offer Shares and the Firm Placing Shares, Qualifying Shareholders who take up their full Basic Entitlements in respect of the Open Offer will experience a dilution of approximately 38 per cent. of their interests in the Company. Qualifying Shareholders who do not take up all of their Basic Entitlements in respect of the Open Offer will experience a dilution which will be dependent upon the percentage of their take up of their Basic Entitlements, but in the worst case, assuming nil take up of their Basic Entitlements, the dilution will amount to approximately 61 per cent. of their interests in the Company as a result of the issue of the Open Offer Shares and the Firm Placing Shares.

Richpoint has confirmed that it has sufficient capital to finance its subscription for the Firm Placing Shares and its underwriting obligations in respect of the Fundraising.

## **7. Waiver of Rule 9 of the Takeover Code**

The Fundraising gives rise to certain considerations under the Takeover Code. Further detail on the background to these considerations is set out in the paragraphs below.

### **The Takeover Code**

Under Rule 9 of the Takeover Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which (taken together with shares already held by that person and an interest in shares held or acquired by persons acting in concert with him or her) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the Takeover Code also provides that, among other things, where any person who, together with persons acting in concert with him or her, is interested in shares which in

aggregate carry not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company which is subject to the Takeover Code, and such person, or any person acting in concert with him or her, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he or she is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him or her holds over 50 per cent. of the voting rights of a company, that person (or any person(s) acting in concert with him or her) will normally be entitled to increase their holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of a concert party will not be able to increase their percentage shareholding above a Rule 9 threshold without Panel consent. Such persons should, however, consult with the Panel in advance of making such further acquisitions.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him or her. Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined in the Takeover Code) of that company or to frustrate an offer for that company.

### **Information on Richpoint**

Richpoint currently holds 29.90 per cent. of the Existing Ordinary Shares. Further information on Richpoint is set out in Part 6 of this document.

### **Maximum potential controlling position**

Immediately following the issue of the Firm Placing Shares and the Open Offer Shares, dependent upon the level of take-up of Open Offer Shares by Qualifying Shareholders, Richpoint may, as a result of their undertaking to subscribe for the Firm Placing Shares and their obligations under the Underwriting Agreement to underwrite the Open Offer (subject to the terms and conditions of the Underwriting Agreement), beneficially hold in aggregate up to a maximum of 68,622,986 Ordinary Shares and 357,705,149 Ordinary B Shares, together representing approximately 72.6 per cent. of the Enlarged Share Capital. Following the issue of the Firm Placing Shares and the Open Offer Shares, without a waiver of the obligations under Rule 9 of the Takeover Code, Richpoint would be required to make a general offer to Shareholders under Rule 9 of the Takeover Code.

Richpoint's existing beneficial shareholding in the Company and its potential beneficial interest in the Enlarged Share Capital immediately following the Firm Placing and the Open Offer are set out in the table below.

<i>Existing Ordinary Shares</i>		<i>Following completion of Firm Placing and Open Offer</i>				
<i>Interest in Existing Ordinary Shares (no. of Existing Ordinary Shares)</i>	<i>Interest in Existing Ordinary Shares as % of Existing Ordinary Shares (%)</i>	<i>Number of Firm Placing Shares</i>	<i>Minimum interest (no. of Shares) in Enlarged Share Capital</i>	<i>Minimum interest as percentage of Enlarged Share Capital</i>	<i>Maximum interest (no. of Shares) in Enlarged Share Capital</i>	<i>Maximum interest as percentage of Enlarged Share Capital</i>
68,622,986	29.90	220,000,000	288,622,986	49.15	426,328,135	72.60

Assuming all of the Resolutions are approved by Shareholders and dependent upon the take-up of Open Offer Shares by other Qualifying Shareholders under the Open Offer, Richpoint may increase its interest in Ordinary Shares from 29.90 per cent. of the Existing Ordinary Shares in issue, up to a maximum of 72.6 per cent following completion of the Firm Placing and the Open Offer.

### **Waiver of Rule 9 of the Takeover Code**

**Subject to completion of the Firm Placing and the Open Offer, the passing of the resolution approving the waiver of Rule 9, and dependent upon the take-up of other Qualifying Shareholders under the Open Offer, Richpoint may increase its direct and indirect holding of the voting rights in the Company to a maximum of 72.6 per cent. and, as such, it will hold Shares that carry more than 50 per cent. of such voting rights and may, accordingly, increase its direct and indirect holding of the voting rights in the Company without incurring any obligation under Rule 9 of the Takeover Code to make a general offer.**

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Fundraising without triggering an obligation on the part of Richpoint to make a general offer to Shareholders. The Panel has agreed to grant such a waiver subject to the approval of the Independent Shareholders on a poll at the General Meeting. Save for Richpoint, there are no other conflicted parties excluded from voting on Resolution 4 to be proposed at the General Meeting pertaining to such approval.

The Takeover Code requires the directors of a company to receive competent independent advice as to the merits of the transaction. Accordingly, finnCap, as adviser to the Company, has provided formal advice to the Directors regarding the merits of the Firm Placing and the Open Offer. finnCap confirms that it is independent of Richpoint and has no commercial relationship with Richpoint.

The Panel has agreed, subject to Resolution 4 at the General Meeting being passed on a poll of the Independent Shareholders, to waive the requirement which might otherwise arise for Richpoint to make a general offer under Rule 9 of the Takeover Code in cash for the remaining Ordinary Shares in the Company as a result of the issue of Ordinary B Shares to Richpoint under the Fundraising. To be passed, Resolution 4 will require a simple majority of the votes cast on a poll by the Independent Shareholders. Accordingly, Independent Shareholders should be aware that, following completion of the Fundraising and dependent upon the take-up of other Qualifying Shareholders under the Open Offer, Richpoint will hold (beneficially) more than 30 per cent. of the Enlarged Share Capital. Furthermore, dependent upon the take-up of other Qualifying Shareholders, Richpoint may hold (beneficially) more than 50 per cent. of the Company's Enlarged Share Capital following completion of the Fundraising and therefore any further increase in its shareholding may not be subject to the provisions of Rule 9 of the Takeover Code.

Richpoint will not be restricted from making an offer for the Company.

### **8. The intentions of Richpoint**

Richpoint has confirmed that it has not entered into any arrangements for the transfer of its Shares to any third party following completion of the Firm Placing and the Open Offer. Richpoint has confirmed that its commercial justification for subscribing for the Firm Placing Shares under the Firm Placing and underwriting the Open Offer pursuant to the Underwriting Agreement is that it considers that the business case for the Company's investment holdings is strong, and Richpoint believes that the Company's investments will generate returns that satisfy Richpoint's investment criteria. Richpoint has no current intention to seek any changes in respect of the Board or the general nature of the Company's business; the continued employment of employees and management of the Company and its subsidiaries, nor to make any material change in conditions of employment; its strategic plans for the Company; the location of the Company's place of business, nor is there a current intention to readmit the Company's securities to any trading facility in the next 12 months, however changing circumstances require that this is kept under continuous review; employer contributions into any of the Company's pension schemes, the accrual of benefits for existing members, nor the admission of new members; or redeployment of the Company's fixed assets.

Richpoint has also confirmed that as a result of and following completion of the Fundraising: it does not intend to change its business strategy as that of being an investment holding company; it has no current intention to seek any changes in respect of its directors; the continued employment of employees and management of Richpoint, nor any material

change in conditions of employment; or strategic plans for Richpoint; or the location of Richpoint's place of business.

## **9. Changes to the Articles**

As part of the Fundraising it will be necessary to adopt new articles of association for the Company to deal with, inter alia, the creation of the new class of Ordinary B Shares and to set out the rights attaching to this new class of share.

## **10. Overseas Shareholders**

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or the Application Form to such persons, is drawn to the information which appears in paragraph 4 of Part 3 of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including without limitation any Restricted Jurisdiction), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up the Open Offer.

## **11. General Meeting**

Your approval is also being sought in respect of the Resolutions.

The General Meeting, notice of which is set out at the end of this document, has been convened for 10.30 a.m. on 7 December 2016 for this purpose. The Form of Proxy to be used in connection with the General Meeting is enclosed with this document.

***Your attention is again drawn to the fact that the Fundraising is conditional and dependent upon all of the Resolutions being passed.***

The Resolutions to be proposed at the General Meeting are as follows:

### ***Resolution 1 – Adoption of New Articles***

Resolution 1, which will be proposed as a special resolution will adopt the New Articles which will set out the rights attaching to the Ordinary B Shares.

### ***Resolution 2 – Authority to allot shares***

Resolution 2, which will be proposed as an ordinary resolution and is conditional upon the passing of Resolutions 1, 3 and 4 will grant the Directors authority to allot Ordinary B Shares up to an aggregate nominal amount of £7,154,103.

### ***Resolution 3 – Disapplication of pre-emption rights***

Resolution 3, which will be proposed as a special resolution and is conditional upon the passing of Resolutions 1 and 2 will grant the Directors authority to allot Ordinary B Shares pursuant to the authority granted by Resolution 2 free of Shareholders' statutory rights of pre-emption.

### ***Resolution 4 – Rule 9 Waiver***

Resolution 4, which will be proposed as an ordinary resolution and is conditional upon the passing of Resolutions 1, 2 and 3, proposes that the grant by the Panel of the Rule 9 Waiver (which is explained in paragraph 7 of this Part 1 entitled "Waiver of Rule 9 of the Takeover Code" above) be approved. Resolution 4 will be taken on a poll of the Independent Shareholders (being the Shareholders other than Richpoint) in order to satisfy the requirements of the Takeover Code. This resolution must be approved on a poll by Independent Shareholders who together represent a simple majority of the issued shares held by

Independent Shareholders being voted (whether in person or by proxy) at the General Meeting. **Richpoint is therefore not permitted to vote on Resolution 4.**

## **12. Irrevocable Undertakings**

Richpoint has, pursuant to the terms of the Underwriting Agreement, irrevocably undertaken not to apply for more than 5,000,000 Open Offer Shares (representing approximately 12.14 per cent. of its Basic Entitlement) under the Open Offer such that the excess of Richpoint's Basic Entitlement shall, in effect, be available to Qualifying Shareholders pursuant to the Excess Application Facility. The Company has also received an irrevocable undertaking from Richpoint, to procure the vote in favour of Resolutions 1, 2 and 3 and the abstention from voting on Resolution 4 (which relates to the Rule 9 Waiver), in respect of its beneficial holding of 68,622,986 Ordinary Shares (representing 29.90 per cent. of the Existing Ordinary Shares).

## **13. Action to be taken**

### **General Meeting**

Please check that you have received with this document:

- a Form of Proxy for use in respect of the General Meeting; and
- an envelope for use in conjunction with the return of the Form of Proxy.

**Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ', so as to be received by no later than 10.30 a.m. on 5 December 2016 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).**

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

### **Open Offer**

Further details relating to the action to be taken with regard to the Open Offer, including details of how to apply for Open Offer Shares are set out in Part 3 of this document.

## **14. Additional Information**

Your attention is drawn to the Risk Factors set out in Part 2 of this document and the additional information set out in Parts 4, 5 and 6 of this document.

## **15. Recommendation**

**The Directors, having been advised by finnCap, consider the Proposals, including the Rule 9 Waiver, to be fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole. Accordingly, the Directors unanimously recommend that the Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. In providing advice to the Directors, finnCap has taken into account the Directors' commercial assessments.**

Yours faithfully,

**David Julian Buchler**  
*Chairman*

## PART 2

### RISK FACTORS

An investment in the B Ordinary Shares involves a high degree of risk. Accordingly, Shareholders should carefully consider the risks set out below before making a decision to invest in the Company. The investment offered in this document may not be suitable for all of its recipients. Shareholders are accordingly advised to consult a professional adviser authorised under FSMA, who specialises in advising on the acquisition of shares and other securities, before making any investment decision. Shareholders should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

Shareholders should carefully consider the risks described below before making a decision to invest in the Company. This Part 2 contains what the Directors believe to be the principal risk factors associated with an investment in the Company. However, the risks listed do not purport to be an exhaustive summary of the risks affecting the Group and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Group. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market value of the B Ordinary Shares could decline and a Shareholder may lose part or all of his or her investment.

This document contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Shareholders should carefully consider the other information in this document.

There can be no certainty that the Company will be able to successfully implement its strategy of exploiting its investment in Zhongying. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Company.

#### **1. Risks relating to the PRC**

##### **1.1 *Economic, Political, Judicial, Administrative, Taxation or other Regulatory Changes***

Zhongying, the Group's principal investment is incorporated and registered in Wuhan City, Hubei province in the PRC.

The PRC has been undergoing a series of political reforms since 1978. Such reforms have in the past resulted in significant economic growth and social progress. However, there can be no assurance that any future reform policy of the PRC Government will be effective. The Group's business may be affected by such future reforms. Since 1979, many laws and regulations dealing with economic matters with respect to general and foreign investments have been promulgated in PRC. In 1982, the Chinese National People's Congress amended the constitution to attract foreign investments and to safeguard the "lawful rights and interests" of foreign investors in PRC. Since then, the trend of legislation has been to enhance the protection afforded to foreign investors and to allow more active control by foreign investors. However, despite significant improvements in its legal system, there still exist difficulties in obtaining swift and equitable judgements and in obtaining enforcement of judgements by a court of another jurisdiction in PRC. Further, as a result of political changes, the interpretation of statutes and regulations may be subject to government policies. Such uncertainties may affect the Group's operations and accordingly, its profitability.



## 1.2 **Foreign Exchange Risk**

The external value of the RMB is subject to changes in policies of the Chinese Government and to international, economic and political developments. From 1994, the conversion of the RMB into foreign currencies was based on rates set by the People's Bank of China, which were set daily based on the previous day's interbank foreign exchange market rates and current exchange rates on the world financial markets. The rate of exchange between the RMB and the US dollar experienced volatility prior to 1994, including periods of sharp devaluation and the Chinese Government was under international pressure to allow this rate to float. On 21 July 2005, the People's Bank of China reformed the RMB exchange rate regime by moving to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. From that date, the RMB was no longer pegged to the US dollar. The People's Bank of China will periodically adjust the RMB exchange rate band as necessary and, as a consequence, the RMB exchange rate will be more flexible than before. There is therefore a risk that the fluctuations in the RMB exchange rate may be greater than were previously experienced and any large appreciation or devaluation of the RMB against the GBP could have an adverse effect on the Group's investment and operating results. In addition, financial markets in many Asian countries have in the past experienced severe volatility. As a result, some Asian currencies have been subject to significant devaluation from time to time. At present, the RMB is not freely convertible to other foreign currencies, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under current PRC laws and regulations, payments of current account items, including profit distributions, interest payments and operation-related expenditures, may be made in foreign currencies without prior approval from [SAFE], but are subject to procedural requirements including presenting relevant documentary evidence of such transactions and conducting such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Strict foreign exchange control continues to apply to capital account transactions. These transactions must be approved by or registered with SAFE, and repayment of loan principal, distribution of return on direct capital investment and investment in negotiable instruments are also subject to restrictions. Zhongying, the Company's largest asset, is a Chinese registered company, and any dividend payments made by Zhongying will be denominated in RMB. The Directors can give no assurance that the Group will be able to remit profits out of the PRC. If Zhongying is unable to obtain SAFE approval or approval by SAFE designated banks to obtain sufficient foreign exchange or remit dividends, or if future changes in relevant regulations were to place restrictions on the ability of Zhongying to remit dividend payments to the Company, the Company's ability to satisfy its third-party payment obligations, and its ability to distribute dividends in respect of the Ordinary Shares, could be materially and adversely affected.

## 1.3 **PRC Legal Environment**

Although the Company is incorporated under the laws of England and Wales, its major asset, Zhongying is organised under the laws of the PRC. The PRC legal system is based on written statutes, and prior court decisions and judgments can only be cited as reference and are non-binding. The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC Government has established a commercial law system, and has made significant progress in promulgating laws and regulations relating to economic affairs and matters such as the issuance and trading of securities, shareholder rights, corporate organization and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, the Company may not be aware of a violation of these policies and rules by a member of the Group until sometime after the violation. Furthermore, the legal protections available to the Group under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in PRC may be protracted and could result in substantial costs and diversion of resources and management attention. The legal framework in the PRC is materially different in certain

ways from that of other jurisdictions, including the United Kingdom, particularly with respect to the protection of minority shareholders. While the PRC Company Law was amended in 2005 (together with further amendment and judicial interpretations promulgated in 2013 and 2014 subsequently) to allow shareholders to commence actions against directors, supervisors, officers or any third party on behalf of a company under certain limited circumstances, the mechanism for enforcement of rights under the corporate governance framework in the PRC is still relatively underdeveloped and untested. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in many developed countries such as the United States and the United Kingdom. Therefore enforcement in the PRC of judgments of a court in these jurisdictions may be difficult or even impossible.

## **2. General risks**

### ***Changes in tax laws or their interpretation could affect the Group's financial condition or prospects***

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

## **3. Risks relating to the B Ordinary Shares**

### **3.1 *Investment risk***

An investment in the B Ordinary Shares may not be suitable for all recipients of this document, and is only appropriate for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the B Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Potential investors should consider carefully whether investment in the B Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Before making any final decision, potential investors in any doubt should consult with an investment adviser authorised under the FSMA who specializes in advising on investments of this nature.

### **3.2 *Liquidity***

There is no public market for the Shares. While the B Ordinary Shares are freely transferable under the Articles there is no active market for the B Ordinary Shares and it would therefore be prudent to consider the B Ordinary Shares as a relatively illiquid investment. An investment in the B Ordinary Shares is therefore likely to be less realisable than a security admitted to and tradeable on a public stock exchange.

### **3.3 *Future need for access to capital***

The Group may need to raise further funds to funds to exploit its investment in Zhongying and/or take advantage of such opportunities as may become available to the Company from time to time. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions in financing and operating activities. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to it.

#### **4. Risks relating to the Fundraising**

##### **4.1 Shareholders will experience dilution in their interests in the Company**

Shareholders will experience dilution in their ownership of, and voting interest in, the Company to the extent they do not subscribe in full for their Basic Entitlement under the Open Offer and are not allocated Excess Shares under the Excess Application Facility and, in addition, also as a result of the issue of the Firm Placing Shares.

Shareholders should note that their holdings and voting interest in the Company will be reduced, whether or not they elect to participate in the Open Offer, as a result of the Firm Placing.

##### **4.2 Overseas Shareholders may not be eligible to participate in the Open Offer**

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Overseas Shareholders in the Open Offer. In particular, holders of Ordinary Shares who are located in the US may not be able to apply for Open Offer Shares unless a registration statement under the Securities Act is effective with respect to such shares or an exemption from the registration requirements is available thereunder. The Open Offer Shares will not be registered under the Securities Act.

Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company.

##### **4.3 Following completion of the Fundraising, Richpoint may beneficially hold up to approximately 72.6 per cent. of the issued Shares and have substantial control over the Company**

As at the Record Date, Richpoint beneficially held 68,622,986 Ordinary Shares representing 29.90 per cent. of the Existing Ordinary Shares. Immediately following the issue of the Firm Placing Shares and the Open Offer Shares, dependent upon the level of take-up of Open Offer Shares by Qualifying Shareholders, Richpoint may, as a result of their obligations under the Underwriting Agreement to underwrite the Open Offer (subject to the terms and conditions of the Underwriting Agreement), beneficially hold in aggregate up to a maximum of 137,705,149 Open Offer Shares, which when taken together with its current holding of Ordinary Shares and the Firm Placing Shares would represent approximately 72.6 per cent. of the Enlarged Share Capital. As a result, Richpoint would have the ability to exercise significant influence on the Group's business and would, by its own votes, be able to pass (and block the passing of) ordinary resolutions of the Company, including ordinary resolutions to appoint and remove directors, and block the passing of special resolutions of the Company, giving Richpoint a high degree of positive and negative control of the Company.

#### **5. Dividends**

There can be no assurance as to the level of any future dividends from the Company. The declaration, payment and amount of any future dividends from the Company is subject to the discretion of the Directors and shareholders of the Company and will depend upon, inter alia, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Since the Company is a holding company, its operating results and financial condition are dependent on the performance of members of the Group and other investments including, in particular Zhongying. The Company's ability to pay dividends in the future will depend on the level of distributions, if any, received from the Company's subsidiaries and other investments including, in particular Zhongying.

The ability of the Company's subsidiaries, or other investments, to make distributions to the Company may, from time to time, be restricted as a result of other factors, including restrictive

covenants in future loan agreements, foreign exchange limitations, the requirements of applicable law and regulatory, fiscal or other restrictions.

## **6. Litigation**

Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business. The Directors cannot preclude litigation being brought against the Group and any litigation brought against the Group could have a material adverse effect on the financial condition, results or operations of the Company.

## **7. Laws and regulations**

The Group will be subject to laws in various jurisdictions, including the United Kingdom and the PRC. Existing and future legislation, regulation and actions could cause additional expense, capital expenditure and restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Group's activities from time to time. In addition, the Group may have to defend itself against legal proceedings which could have an adverse effect on performance and, in turn, future profits.

## **8. Zhongying Settlement Agreement**

Entering into the Zhongying Settlement Agreement to settle the Company's outstanding liability in relation to the unpaid subscription sums due to Zhongying does not necessarily mean that the Zhongying investment proves to be of commercial value to the Company in the future. That will be a function of many variables which will include the other parties performing their obligations under the Zhongying Settlement Agreement, the commercial performance of the investments and/or operating assets of Zhongying, the making of profits and distributable reserves and the agreement of the other parties to pay dividends and the governing laws of the PRC in this regard. There are no assurances that regularisation of the Zhongying shareholding will result in increased value or enhanced or realisable value.

## PART 3

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. INTRODUCTION

As explained in Part 1, the Company is proposing to raise approximately £6.894 million (net of expenses) by the issue of up to 587,213,731 Ordinary B Shares at the Issue Price through the Firm Placing and the Open Offer, of which up to approximately £2.754 million will be raised from the offer of the Open Offer Shares at the Issue Price to Qualifying Shareholders under the Open Offer.

Further details of the Open Offer are set out in this Part 3.

The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate 137,705,149 Open Offer Shares pro rata to their current holdings at the Issue Price and also to apply for Open Offer Shares under the Excess Application Facility.

The Open Offer is conditional on, amongst other things, the passing of the Resolutions at the General Meeting and the Underwriting Agreement becoming unconditional and not being terminated prior to the Closing Date.

The Open Offer Shares will rank *pari passu* in all respects with the Existing Ordinary Shares (save as to nominal value) and will together represent approximately 23.45 per cent. of the Enlarged Share Capital.

The Open Offer Shares will be created under the Act.

#### 2. TERMS AND CONDITIONS OF THE OPEN OFFER

Subject to the terms and conditions set out below and on the Application Form, each Qualifying Shareholder (other than Shareholders in Restricted Jurisdictions) is being given an opportunity to apply for Open Offer Shares at the Issue Price (payable in full and acceptance and free of all expenses) on the following pro rata basis:

3 Open Offer Shares at 2 pence each for every 5 Existing Ordinary Shares

held and registered in their name at the Record Date and so on in proportion to any other number of Existing Ordinary Shares then held. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlements. Accordingly, Qualifying Shareholders with fewer than 5 Existing Ordinary Shares will not be entitled to take up any Open Offer Shares. Applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlement as shown on the Application Form. The total number of Open Offer Shares is fixed and will not be increased.

Under the Excess Application Facility referred to below, Qualifying Shareholders may apply to acquire any number of additional Open Offer Shares over and above their Basic Entitlement pursuant to the Excess Application Facility, subject to a maximum number of Excess Shares at the Board's discretion.

The Excess Application Facility enables Qualifying Shareholders (provided they have agreed to take up their Basic Entitlement in full) to apply for any whole number of Open Offer Shares in excess of their Basic Entitlement pursuant to the Excess Application Facility. The Company may satisfy valid applications for Excess Shares in whole or in part but reserves the right not to satisfy any excess above any Basic Entitlement. Qualifying Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 2, 3, 4 and 5 on the Application Form. Excess Shares may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders will be met in full or in part or at all. Applications will be rejected if and to the extent that acceptance would result in a Qualifying Shareholder, together with those acting in concert with him/her for the purposes of the Takeover Code, holding 30 per cent. or

more, or increasing an existing holding of 30 per cent. or more, of the Enlarged Share Capital immediately following the Closing Date.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore Open Offer Shares for which application has not been made under the Open Offer will not be sold for the benefit of those who do not apply under the Open Offer, and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. The Application Form is not a document of title and cannot be traded or otherwise transferred. Any Open Offer Shares which are not applied for and allocated by the Directors under the Open Offer will be allotted to Richpoint subject to the terms and conditions of the Underwriting Agreement.

The attention of Qualifying Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the UK is drawn to paragraph 4 of this Part 3. In particular, Shareholders in Restricted Jurisdictions will not be sent the Application Form.

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares (save as to nominal value), including the right to receive all dividends or other distributions made, paid or declared after the date of their issue.

Richpoint has irrevocably undertaken not to apply for more than 5,000,000 Open Offer Shares under the Open Offer (representing approximately 12.14 per cent. of its Basic Entitlement). Richpoint has also undertaken to underwrite the Open Offer such that it will subscribe, at the Issue Price, for any Open Offer Shares that are not subscribed for under the Open Offer. As a result, in addition to its undertaking to subscribe for the Firm Placing Shares, Richpoint has agreed to underwrite up to a maximum of 137,705,149 Open Offer Shares (representing a maximum aggregate subscription commitment under the Firm Placing and Open Offer of up to £7,154,103).

The Open Offer is conditional, amongst other things, upon:

- (a) the passing of the Resolutions at the General Meeting;
- (b) the conditions in the Underwriting Agreement being satisfied or (if applicable) waived and the Underwriting Agreement not having been terminated in accordance with its terms prior to the Closing Date;
- (c) the warranties set out in the Underwriting Agreement being true, accurate in all material respects and not misleading in any material respect at the date of the Circular and at each Significant Date by reference to the facts and circumstances then subsisting;
- (d) no matter having arisen before the Closing Date which might reasonably be expected to give rise to a claim under the indemnity contained at clause 12 of the Underwriting Agreement; and
- (e) there having been no material adverse change in the financial position of the Company before the Closing Date.

If any of the conditions are not satisfied or waived (where capable of waiver), the Open Offer will be revoked and will not proceed. In such circumstances, application monies will be returned without payment of interest.

Subject to the conditions above being satisfied and save as provided in this Part 3, it is expected that share certificates for the Open Offer Shares will be despatched during the week commencing 26 December 2016 to relevant Qualifying Shareholders to whom Open Offer Shares are issued under the Open Offer.

Qualifying Shareholders applying for Open Offer Shares will be deemed to have given the representations and warranties set out in the subparagraphs with the heading "Effect of Application" in paragraph 3 of this Part 3 unless, in each case, such requirement is waived by

the Company. All Qualifying Shareholders taking up their rights under the Open Offer will be deemed to have given the representations and warranties set out in paragraph 4 of this Part 3.

All documents, bankers' drafts and cheques posted to or by Qualifying Shareholders and/or their transferees (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Shareholders is drawn to paragraph 4 of this Part 3 which forms part of the terms and conditions of the Open Offer.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement on the Company Website giving details of any revised dates or times.

### **3. ACTION TO BE TAKEN BY QUALIFYING SHAREHOLDERS IN CONNECTION WITH THE OPEN OFFER**

If you are a Qualifying Shareholder and you are not a Shareholder in a Restricted Jurisdiction, please refer to this paragraph 3 and paragraphs 5 to 8 (inclusive) of this Part 3.

#### **General**

Qualifying Shareholders will have received an Application Form with this document. The Application Form sent to each such Qualifying Shareholder sets out:

- (a) in Box 1, the number of Existing Ordinary Shares registered in such person's name at the Record Date (on which a Qualifying Shareholder's entitlement to Open Offer Shares is based); and
- (b) in Box 1, the Basic Entitlement of Open Offer Shares for which such person is entitled to apply under the Open Offer, taking into account that they will not be entitled to take up any fraction of an Open Offer Share arising when their Basic Entitlement was calculated.

Qualifying Shareholders may apply for less than their Basic Entitlement should they wish to do so.

Under the Excess Application Facility, Qualifying Shareholders may, provided that they have agreed to take up their Basic Entitlement in full, apply for Open Offer Shares in excess of their Basic Entitlement pursuant to the Excess Application Facility. Qualifying Shareholders wishing to apply for Excess Shares may do so by completing Boxes 2, 3, 4 and 5 of the Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any Excess Applications. Excess Shares may be allocated in such manner as the Directors may determine, and no assurance can be given that Excess Applications by Qualifying Shareholders will be met in full or in part or at all. Applications will be rejected if and to the extent that acceptance would result in a Qualifying Shareholder (other than Richpoint), together with those acting in concert with him/her for the purposes of the Takeover Code, holding 30 per cent. or more, or increasing an existing holding of 30 per cent. or more, of the Enlarged Share Capital immediately following the Closing Date.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable by way of cheque as appropriate.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Shareholders.

The latest time and date for receipt of the Application Forms and payment in full will be 5.00 p.m. on 5 December 2016.

The Open Offer Shares are expected to be issued on 7 December 2016. After such date the Open Offer Shares will be in registered form and will be freely transferable by stock transfer form.

Qualifying Shareholders who do not want to take up or apply for Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy.

### **Application procedures**

Qualifying Shareholders who wish to apply for Open Offer Shares (whether in respect of all or part of their Basic Entitlement or in addition to their Basic Entitlement under the Excess Application) must return the Application Form in accordance with the instructions thereon.

Completed Application Forms should be posted in the accompanying reply envelope or delivered by hand (during normal business hours only) to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' so as to be received by no later than 5.00 p.m. on 5 December 2016, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged.

If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Completed Application Forms should be returned together with a cheque or banker's draft in sterling made payable to "London Asia Capital plc" for the full amount payable on acceptance, by post or by hand (during normal business hours only) to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' so as to be received as soon as possible and, in any event, not later than 5.00 p.m. on 5 December 2016. All documents and remittances sent by post by, to from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

### **Payment in sterling**

All payments must be made by cheque or banker's draft in pounds sterling made payable to London Asia Capital plc. Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Open Offer that cheques must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are satisfied, the application monies will be kept in an interest-bearing account retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

If Open Offer Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may (in its absolute discretion as to manner, timing and terms and without prejudice to the relevant Qualifying Shareholder's obligation to pay the Issue Price in respect of such shares) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance



being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part 3 in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

#### **Discretion as to validity of acceptances**

If payment is not received in full by 5.00 p.m. on 5 December 2016, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, the Company may, but shall not be obliged to, treat as valid, acceptances in respect of which a remittance is received prior to 5.00 p.m. on 6 December 2016 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of Open Offer Shares to be acquired and undertaking to lodge the relevant Application Form, duly completed, by 5.00 p.m. on 6 December 2016 and such Application Form is lodged by that time.

The Company may also (in its absolute discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for Open Offer Shares in a Restricted Jurisdiction.

#### **Effect of Application**

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (a) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (b) agrees with the Company that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
- (c) confirms with the Company that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);
- (d) represents and warrants to the Company that he is the Qualifying Shareholder originally entitled to the Basic Entitlements;
- (e) requests that the Open Offer Shares to which he may become entitled are issued to him on the terms set out in this document and the Application Form, subject to the Articles;
- (f) represents and warrants to the Company that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and, (b) he is not applying with a view to re-offering, reselling,

transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law, except where proof satisfactory to the Company has been provided to the Company, in respect of (a) and (b) above, that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (g) represents and warrants to the Company that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States or any other jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (h) represents and warrants to the Company that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (i) confirms that in making the application he is not relying and has not relied on the Company or any person affiliated with the Company in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

### **Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, the Company may require, in its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company. In such case, the lodging agent's stamp should be inserted on the Application Form.

The applicant lodging the Application Form with payment, including any person who appears to the Company to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Company with such information and other evidence as the Company may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to the Company such information as may be specified by the Company as being required for the purpose of the Money Laundering Regulations.

If the Company determines that the verification of identity requirements apply to any applicant or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant applicant unless and until the verification of

identity requirements have been satisfied in respect of that applicant or application. the Company is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and the Company will not be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, the Company has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (a) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (b) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 91/308/EEC) as amended by Directives 2001/97/EC and 2005/60/EC; or
- (c) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (d) the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA state which imposes requirements equivalent to those laid down in that directive; or
- (e) the aggregate subscription price for the relevant Open Offer Shares is less than €15,000 (approximately £11,000 as at the date of this document).

Submission of the Application Form with the appropriate remittance will constitute a warranty to the Company from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch of a bank or building society in the UK and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "London Asia Capital plc". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (b) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, Japan, Mexico, Luxembourg, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the

identity of the person for whom it acts and that it will on demand make such evidence available to the Company and/or any relevant regulatory or investigatory authority; or

- (iii) if an Application Form is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his current address (for example, a photocard driving licence or utility bill).

Definitive share certificates in respect of the Open Offer Shares are expected to be despatched by post during the week commencing 26 December 2016, at the risk of the person(s) entitled to them, to accepting Qualifying Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

#### **4. OVERSEAS SHAREHOLDERS**

The comments set out in this paragraph 4 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

##### **General**

**The distribution of this document and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.**

No action has been or will be taken by the Company, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be

required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, nor any of its representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form in connection with the Open Offer or otherwise, should not distribute or send either of those documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 3 "Terms and Conditions of the Open Offer" and specifically the contents of this paragraph 4.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

Notwithstanding any other provision of this document or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts.

Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form. No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction. Receipt of this document and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

### **United States**

The Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will

constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Shares and wishing to hold such Open Offer Shares must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of acquiring the Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the and Open Offer) may violate the registration requirements of the Securities Act.

### ***Restricted Jurisdictions***

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer or invitation to apply for Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

### ***Other overseas territories***

Application Forms will be sent to Qualifying Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

### ***Representations and warranties relating to Overseas Shareholders***

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's use of the

Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Open Offer Shares into any of the above territories. The Company may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph.

### **Waiver**

The provisions of this paragraph 4 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 4 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 4 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 4 shall apply to them jointly and to each of them.

## **5. TIMES AND DATES**

The Company shall be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall make an announcement on the Company Website but Qualifying Shareholders may not receive any further written communication.

## **6. TAXATION**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer should immediately consult a suitable professional adviser.

## **7. FURTHER INFORMATION**

Your attention is drawn to the further information set out in this document and to the terms, conditions and other information printed on the accompanying Application Form.

## **8. GOVERNING LAW AND JURISDICTION**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form.

By taking up Open Offer Shares in accordance with the instructions set out in this document and the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART 4

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part 4 “Questions and Answers about the Open Offer” are intended to be in general terms only and, as such, you should read Part 3 “Terms and Conditions of the Open Offer” of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you are an Overseas Shareholder, you should read paragraph 4 of Part 3 “Terms and Conditions of the Open Offer” of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Basic Entitlement and any further Open Offer Shares under the Excess Application Facility.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

#### **1. What is an open offer?**

An open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire up to an aggregate of 137,705,149 Ordinary B Shares at a price of 2 pence per share. If you hold Existing Ordinary Shares on the Record Date other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, or a Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 3 Open Offer Shares for every 5 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share (provided they have agreed to take up their Basic Entitlement in full) and your entitlement will be rounded down to the nearest whole number.

The Excess Application Facility allows Qualifying Shareholders (provided they have agreed to take up their Basic Entitlement in full) to apply for Excess Shares in excess of their Basic Entitlement pursuant to the Excess Application Facility. The Company may satisfy valid applications for Excess Shares in whole or in part but reserves the right not to satisfy any excess above any Basic Entitlement. Excess Shares may be allocated in such manner as the Directors may determine. No assurance can be given that applications by Qualifying Shareholders will be met in full or in part or at all.

Applications will be rejected if and to the extent that acceptance would result in a Qualifying Shareholder, together with those acting in concert with him/her for the purposes of the Takeover Code, holding 30 per cent. or more, or increasing an existing holding of 30 per cent. or more, of the Enlarged Share Capital immediately following the Closing Date.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor Basic Entitlements can themselves be traded.



## **2. New Ordinary B Shares**

The Directors consider that the appropriate price per share to raise further funds for the Company is 2 pence per share. However as the existing Ordinary Shares have a nominal value of 5 pence it is not possible, due to prohibitions in the Companies Act, to issue shares at less than their nominal value. Therefore, it is proposed to create a new class of share – Ordinary B Shares – with a nominal value of 2 pence per share, and that it will be this class of share that will be issued in connection with the Open Offer and the Firm Placing. The Articles will need to be amended to take account of this new class of shares, which will rank *pari passu* in all respects with the existing Ordinary Shares.

## **3. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form and are not a holder with a registered address or located in the United States or any Restricted Jurisdiction or any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 5.30 p.m. on 15 November 2016.

## **4. How do I know how many Open Offer Shares I am entitled to take up?**

If you are a Shareholder and do not have a registered address, and are not located in, the United States or any Restricted Jurisdiction or any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held as at the Record Date;
- how many Open Offer Shares are comprised in your Basic Entitlement; and
- how much you need to pay if you want to take up your right to apply for all your entitlement to Open Offer Shares.

If you have a registered address in the United States or any of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Basic Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be returned, along with a cheque or banker's draft drawn in the appropriate form, by post or by hand (during normal business hours only) to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' so as to be received by no later than 5.00 p.m. on 5 December 2016, after which time Application Forms will not be valid.

## **5. What are my choices in relation to the Open Offer?**

### **(a) If you do not want to take up your Basic Entitlement**

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money if the Open Offer Shares you could have taken up are sold, as would happen under a rights issue.

You cannot sell your Application Form or your Basic Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 5.00 p.m. on 5 December 2016, the Company has made arrangements under which the Company has agreed to issue Open Offer Shares for which valid applications have not been received to Richpoint under the terms of the Underwriting Agreement.

If you do not take up your Basic Entitlement and do not apply for (and are not allocated) Excess Shares pursuant to the Excess Application Facility then, following the issue of the Open Offer Shares pursuant to the Open Offer and the Firm Placing Shares under the Firm Placing, your interest in the Company will be diluted.

(b) **If you want to take up some but not all of your Basic Entitlement**

If you want to take up some, but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes 2 and 4 of your Application Form; for example, if you are entitled to take up 30 shares but you only want to take up 27 shares, then you should write '27' in Boxes 2 and 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '27') by 2 pence, which is the price of each Open Offer Share (giving you an amount of £0.54 in this example). You should write this amount in Box 5, rounding up to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, by post or by hand (during normal business hours only) to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' so as to be received by no later than 5.00 p.m. on 5 December 2016, after which time Application Forms will not be valid. If you post your Application Form by first class post in the United Kingdom, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "London Asia Capital plc" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 3 of Part 3).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you are issued. Your definitive share certificate for Open Offer Shares is expected to be despatched to you during the week commencing 26 December 2016.

(c) **If you want to take up all of your Basic Entitlement**

If you want to take up all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Boxes 2 and 4 of your Application Form. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you are entitled to (in this example, '30') are entitled to by 2 pence, which is the price of each Open Offer Share (giving you an amount of £0.60 in this example). You should write this amount in Box 5, rounding up to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque or banker's draft for the amount (as indicated in Box 5 of your Application Form), by post or by hand (during

normal business hours only) to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' so as to be received by no later than 5.00 p.m. on 5 December 2016, after which time Application Forms will not be valid. If you post your Application Form by first-class post in the United Kingdom, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "London Asia Capital plc" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 3 of Part 3).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you are issued. Your definitive share certificate for Open Offer Shares is expected to be despatched to you during the week commencing 26 December 2016.

(d) ***If you want to apply for more than your Basic Entitlement***

Provided you have agreed to take up your Basic Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility pursuant to the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Basic Entitlement as at the Record Date subject to allocation of Excess Shares at the Board's discretion. You should write the number of Open Offer Shares comprised in your Basic Entitlement (as indicated in Box 1 of the Application Form) in Box 2 and write the number of Excess Shares for which you would like to apply in Box 3. You should then add the totals in Boxes 2 and 3 and insert the total number of Open Offer Shares for which you would like to apply in Box 4. For example, if you have a Basic Entitlement for 30 Open Offer Shares but you want to apply for 60 Open Offer Shares in total, then you should write '30' in Box 2, '30' in Box 3 and '60' in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '60') by 2 pence, which is the price in sterling of each Open Offer Share (giving you an amount of £1.20 in this example). You should write this amount in Box 5. You should then return your Application Form by post or by hand (during normal business hours only) to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' so as to be received by them by no later than 5.00 p.m. on 5 December 2016, after which time Application Forms will not be valid. If you post your Application Form by first class post in the United Kingdom, you should allow at least four Business Days for delivery.

Excess Shares shall be allocated in such manner as the Directors may determine. No assurance can be given that applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Applications will be rejected if and to the extent that acceptance would result in a Qualifying Shareholder, together with those acting in concert with him/her for the purposes of the Takeover Code, holding 30 per cent. or more, or increasing an existing holding of 30 per cent. or more, of the Enlarged Share Capital immediately following the Closing Date.

A definitive share certificate will then be sent to you for the Open Offer Shares that you are issued under the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you, at your own risk, during the week commencing 26 December 2016.

#### **6. What do I do if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Company Secretary on +44 (0)20 7647 9900 between 10.00 a.m. and 5.00 p.m.

#### **7. Can I trade my Basic Entitlement?**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Basic Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled. Open Offer Shares for which an application has not been made under the Open Offer will not be sold for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Basic Entitlement will have no rights under the Open Offer or receive any proceeds from it.

#### **8. What if I change my mind?**

If you are a Qualifying Shareholder, once you have sent your Application Form and payment, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied.

#### **9. What if the number of Open Offer Shares to which I am entitled is not a whole number: am I entitled to fractions of Open Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

#### **10. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold Existing Ordinary Shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 15 November 2016, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 15 November 2016, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

#### **11. How do I pay?**

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "London Asia Capital plc" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 3 of Part 3).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

**12. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced as a result of the issue of the Open Offer Shares and Firm Placing Shares.

**13. When do I have to decide if I want to apply for Open Offer Shares?**

The Company must receive the Application Form by no later than 5.00 p.m. on 5 December 2016, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**14. When will I receive my new share certificate**

It is expected that the Company will post all new share certificates during the week commencing 26 December 2016.

**15. If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

**16. Will I be taxed if I take up my entitlements?**

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

**17. What should I do if I live outside the United Kingdom?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Basic Entitlement and any further Open Offer Shares under the Excess Application

Facility. Shareholders with registered addresses or who are located in the United States or any Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 4 of Part 3 "Terms and Conditions of the Open Offer" of this document.

## PART 5

### INFORMATION ON ZHONGYING

Zhongying Changjiang International New Energy Investment Co., Ltd. (previously “Zhongying Changjiang International Investment Guarantee Co., Ltd”) was founded on 6th December 2005 at T1 Jiangxia Avenue, Eastlake Newtech Development Zone, Wuhan. In 2011, the company's name was changed to Zhongying Changjiang International New Energy Investment Co., Ltd. following the approval of China's Ministry of Commerce.

The nature of Zhongying Changjiang International New Energy Investment Co., Ltd. is a Sino-foreign joint venture limited liability company. The company's business scope at its founding was “enterprise loan guarantee, investment and financing guarantee for high tech enterprises, private enterprises and middle and small-sized enterprises together with consulting for enterprise transfer, acquisition and merger and economic information and business investment”. In December 2011, the company's business scope was changed to “Research & Development of new energy and energy conservation and protection, asset operation and management and industry consulting”.

The company's registered capital is 1 billion RMB and the paid-in capital is 970,134,800 RMB. Until December 2008, Wuhan Kaidi Holding Investment Co., Ltd (now “Sunshine Kaidi New Energy Group Co., Ltd”) had paid 350,000,000 RMB, Wuhan Kaidi Electric Power Co. Ltd. had paid 250,000,000 RMB, Wuhan Eastlake Hi-tech Co., Ltd. had paid 200,000,000 RMB. London Asia Capital had paid 170,130,000.48RMB with the balance of the registered capital of 29,869,999.52 RMB being due from London Asia Capital but not yet paid.

Since its founding, the company has utilised investment and finance as the basic economic leverage to promote the platform to realise the connection of financial and industrial capital. At 31st December 2014 the total assets of Zhongying were 5,254,549,914 RMB, and the total liabilities 3,896,517,852 RMB.

The current directors of Zhongying Changjiang International New Energy Investment Co., Ltd are:

Mr. Chen Su  
Ms. Yang Xiaoxuan  
Ms. Chen Wenying  
Ms. Helen Yang  
Mr. Victor Ng

## PART 6

### ADDITIONAL INFORMATION REQUIRED BY THE TAKEOVER CODE

#### 1. Responsibility

The Directors, whose names are set out on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Richpoint Director, whose name is set out in paragraph 2 below, accepts responsibility for the information set out in this document relating to Richpoint. To the best of the knowledge and belief of the Richpoint Director (who has taken all reasonable care to ensure that such is the case), the information in this document relating to Richpoint is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Information on Richpoint

- Richpoint is an investment holding company incorporated as a private limited company under BVI BC. No. 1539445 in the British Virgin Islands ("BVI").
- The registered office of Richpoint is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.
- As at the date of this document, Richpoint beneficially holds 68,622,986 Ordinary Shares, representing 29.90 per cent. of the Existing Ordinary Shares. Richpoint will fund its subscription obligation under the Fundraising from its own resources.
- Save for the transfer of the legal interest in 68,622,986 Ordinary Shares from Richpoint's nominee, Rock (Nominees) Limited, to Richpoint on 7 June 2016, none of the Ordinary Shares held by Richpoint or previously through its nominee, Rock (Nominees) Limited, have been acquired in the 12 months preceding the date of this document.
- Helen Yang, a citizen of Singapore, is the sole director of Richpoint.
- Huang Jian, a citizen of Singapore, is the sole shareholder of Richpoint. Huang Jian was born in 1957 and studied at the University of Nanjing where he was awarded a Master of Engineering in 1988. Huang Jian has over 30 years' experience in the investment, management and operation of businesses, in particular in the energy sector. In the past he has worked for a number of different energy companies in Guangzhou, Zhejiang and Anhui, fulfilling a variety of roles from general engineer or general manager to board director. Since 1996, Huang Jian has been the Chairman of Jianzheng Lighting Technology (Jiangsu) Co., Ltd and a director of United Power Corporation (Singapore) Pte Ltd.
- There are no parties who shall be deemed to be "acting in concert" (within the meaning of the Takeover Code) for the purpose of the Proposals.
- There are no relationships (personal, financial or commercial), arrangements or understandings between Richpoint and any of the directors of the Company (or their close relatives and related trusts).
- There are no relationships (personal, financial or commercial), arrangements or understandings between Richpoint and any of the shareholders of the Company (or any person acting in concert with any shareholder).
- In accordance with BVI law, Richpoint is not required to file annual accounts and as a result, it has not filed annual accounts. Richpoint has sufficient capital to finance the Firm Placing and to fulfil its obligations under the Underwriting Agreement from existing cash resources.



- Richpoint is in good standing and will have the financial capabilities to continue to operate as a going concern in the foreseeable future.
- Other than the Underwriting Agreement and the irrevocable undertaking summarised in paragraph 6 of this Part 6, Richpoint has not entered into any material contracts within the last two years.
- Richpoint does not have any relationship (personal, financial or commercial), arrangement or understanding with the Company's financial adviser, finnCap.
- Subject to the terms and conditions of the Underwriting Agreement, any Open Offer Shares not taken up pursuant to the Open Offer will be subscribed by Richpoint pursuant to the terms of the Underwriting Agreement.

### **3. Interests and Dealing**

(a) For the purposes of this paragraph references to:

- (i) "acting in concert" has the meaning attributed to it in the Takeover Code;
- (ii) "connected persons" means in relation to a director, those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Act and related regulations and includes any spouse, civil partner, infants (including step children), relevant trusts and any company in which a director holds at least 20 per cent. of its voting capital;
- (iii) "dealing" or "dealt" includes:
  - (a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
  - (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
  - (c) subscribing or agreeing to subscribe for relevant securities;
  - (d) exercising or converting, whether in respect of new or existing relevant securities, any relevant securities carrying conversion or subscription rights;
  - (e) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
  - (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has sought a position;
- (iv) "derivatives" include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (v) a person having an "interest" in relevant securities includes where a person:
  - (a) owns securities;
  - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;

- (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) is party to any derivative whose value is determined by reference to the prices of securities and which results, or may result, in his having a long position in them;
- (vi) "relevant securities" means ordinary shares in the Company which carry voting rights and any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any of the foregoing; and
- (vii) "short position" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.
- (b) As at 17 November 2016 (being the latest practicable date prior to the posting of this document), the interests of the Directors in Ordinary Shares which have been notified to the Company pursuant to Part 22 of the Act or are interests of a person connected with any Director which would, if the connected person were a Director, be required to be disclosed as set out below and the existence of which is known or could with reasonable diligence be ascertained by the relevant Director, are set out below:

<i>Director</i>	<i>Interest in</i>	<i>Interest in Enlarged</i>	
	<i>Existing Ordinary Shares</i>	<i>Share Capital Number</i>	<i>%</i>
Paul Andrew Bobroff	0	0	0.00
David Julian Buchler	0	0	0.00
Li Jiawei	0	0	0.00

- (c) No dealings in Ordinary Shares by Directors have taken place in the disclosure period, being the 12 months ended 17 November 2016 (being the latest practicable date prior to the posting of this document).
- (d) Save as disclosed in paragraph 2 above and paragraph 5.1 below, no dealings in Ordinary Shares by either Richpoint or its sole director, or any of its connected persons, or any person acting in concert with Richpoint have taken place in the disclosure period, being the 12 months ended 17 November 2016 (being the latest practicable date prior to the posting of this document).
- (e) Save as disclosed in paragraphs 6 and 7 in Part 1 of this document and paragraph 2 above and paragraph 5.1 below, neither Richpoint nor the Richpoint Director, nor any of its connected persons, nor any person acting in concert with Richpoint, owns or controls or (in the case of its directors or connected persons) is interested, directly or indirectly in, or has borrowed or lent (save for any borrowed securities which have either been on-lent or sold), has rights to subscribe to, or has any short position in, any relevant securities, nor has any such person dealt therein during the 12 months prior to the latest practicable date prior to the posting of this document.
- (f) None of the Directors or any member of their immediate families or related trusts (so far as the Directors are aware having made due enquiry), or any person acting in concert with the Directors is interested, directly or indirectly, has rights to subscribe to, or has any short position in relevant securities, nor has any such person dealt therein during the 12 months prior to the latest practicable date prior to the posting of this document.
- (g) Neither the Company nor any of the Directors nor any member of their immediate families or related trusts, owns or controls or (in the case of the Directors and their families or related trusts) is interested, directly or indirectly in, or has any short position in, Richpoint

or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any of the foregoing, or has dealt in any such securities in the 12 months prior to the latest practicable date prior to the posting of this document.

- (h) Neither the Company, nor the Directors, nor any person acting in concert with the Directors has borrowed or lent any relevant securities.

#### **4. Directors' Service Contracts**

##### **4.1 Consultancy Agreement**

David Buchler provides services to the Company through his service company, DB Consultants Limited ("**DBL**"), under a consultancy agreement dated 22 November 2011 (the "**Consultancy Agreement**"). Under the terms of the Consultancy Agreement, there are various circumstances in which DBL is entitled to receive fees from the Company, including the following:

- (a) if the Board resolves that the Company's interest in Zhongying has become capable of being sold or otherwise realised and value for shareholders can be obtained (an "**Accounts Realisation**"). The amount of the Accounts Realisation shall be the value attributed to the interest in Zhongying in the first audited accounts of the Company prepared following the Accounts Realisation;
- (b) on the sale or other disposal by a Group Company, by whatever means and whether in one or a series of transactions, of any asset or any interest in any asset (including for the avoidance of doubt the Company's interest in Zhongying) (an "**Actual Realisation**");
- (c) if during the course of a 'Takeover Offer' (as defined in the Consultancy Agreement) David Buchler performs certain takeover services as set out in the Consultancy Agreement and (i) any person acquires an interest in shares carrying 30 per cent. or more of the voting rights of the Company; or (ii) any person, who together with persons acting in concert with him, is interested in shares which in the aggregate carrying at least 30 per cent. of the voting rights of the Company and such person, or any person acting in concert with him, acquires an interest in any other shares in the Company which increases the percentage of shares carrying voting rights in which he or such person is interested. In respect of each individual who performs Takeover Services each time a [Rule 2.7] announcement is released, the Company shall pay DBL a fee of £150,000;
- (d) in the event that Removal Resolution Services (as defined in the Consultancy Agreement) are provided. In such circumstances the Company shall pay DBL fees for the Removal Resolution Services at such commercial rates as the Company and DBL may agree from time to time; and
- (e) if David Buchler is removed as a director of the Company under section 168 of the Companies Act or is not reappointed after retiring by rotation under the Articles and offering himself for reappointment. In such circumstances, the Company shall pay DBL a fee of £200,000 less any fees paid pursuant to the Removal Resolution Services.

The fees payable by the Company for Actual Realisations and Accounts Realisations shall be equal to the following percentages of the value of all Actual Realisations and Accounts Realisations.

- (a) 5 per cent. of aggregate Actual Realisations and Accounts Realisations up to £7 million;
- (b) 10 per cent. of aggregate Actual Realisations and Accounts Realisations over £7 million and up to £15 million; and

- (c) 15 per cent. of aggregate Actual Realisations and Accounts Realisations over £15 million.

If a fee is paid for an Accounts Realisation then no fee shall be paid for an Actual Realisation relating to the same subject matter.

In addition the Company shall pay fees for the Takeover Services equal to the following percentages of the Offer Value of the Relevant Takeover Offer (both as defined in the Consultancy Agreement):

- (a) 5 per cent. of the Offer Value over the sum equal to £2,800,000 less the expenses of the Company incurred since 14 April 2011 up to £7 million;
- (b) 10 per cent. of the Offer Value over £7 million and up to £15 million; and
- (c) 15 per cent. of the Offer Value over £15 million,

less any fee as mentioned above paid in respect of each [Rule 2.7] announcement released by the Company.

At its option DBL may request that all or any part of any fees due and payable under the Consultancy Agreement is satisfied by the issue of new ordinary shares in the Company.

The Consultancy Agreement can be terminated by either DBL or the Company by giving the other not less than 12 months' written notice. Further DBL may terminate the engagement under the Consultancy Agreement in various circumstances with immediate effect and is entitled to receive a fee, including in the following circumstances:

- (a) if DBL does not have access to information required to provide the Company with services based on the agreed terms of the Consultancy Agreement;
- (b) if the Company commits any serious breach or non-observance of any of the provisions of the Consultancy Agreement;
- (c) in the event that the Company goes into administration or is wound up; or
- (d) if the Company or any officer of the Company commits fraud or dishonesty.

DBL does not intend to claim a fee from the Company as a result of the implementation of the Proposals.

#### 4.2 **David Buchler Service Contract**

David Buchler ("DB") is an employee of the Company. The terms of his employment are governed by a contract of employment between the Company and DB dated 28 May 2015 ("**DB's Employment Contract**"). DB is employed by the Company as Executive Chairman and Executive Director.

DB's employment, commenced on 7 November 2011 and from such date the Company is under no obligation to provide DB with work and may at any time suspend or exclude him on full basic pay from any of its premises.

Under the terms of DB's Employment Contract, DB is entitled to receive from the Company:

- (a) a basic salary of £18,000 per annum in respect of his role as Executive Director;
- (b) a salary of £135,000 per annum, or such other amount as may be agreed from time to time, in respect of his role as Executive Chairman;
- (c) a bonus if declared, at the Company's absolute discretion, paid pro-rata in the case of employment terminating part way through the financial year (provided such termination is not as a result of a breach of contract);

- (d) a contractual bonus (separate from any discretionary bonus) in the event the Company makes a distribution to its shareholders. The amount of such bonus shall be 1 per cent. of each distribution made to the shareholders or such greater percentage as the Company in its absolute discretion may agree. Such bonus is payable pro rata if DB's employment terminates part way through a financial year (provided such termination is not as a result of a breach of contract);
- (e) reimbursements in respect of all expenses reasonably incurred;
- (f) 35 working days paid holiday in each holiday year and normal basic remuneration for all public holidays normally observed in England as well as Jewish New Year and Day of Atonement, if those days fall on a normal working day; and
- (g) subject to DB's compliance with all his obligations in relation to absence reporting, payment of full salary for a maximum of twelve weeks in any one calendar year, during a period of absence due to injury or sickness.

DB's Employment Contract can be terminated by:

- (a) the Company providing written notice of not less than twelve months' to DB; or
- (b) DB providing written notice of not less than three months' to the Company,

and under the terms of DB's Employment Contract, DB's two separate roles may be terminated independently of each other.

- (a) DB's employment may be terminated at any time at the discretion of the Company, by providing a sum in lieu of notice equal to his basic salary as at the date of termination. Such payment in lieu of notice, at the Company's discretion may include:
  - (b) a bonus or commission that might otherwise have been due;
  - (c) payment in respect of benefits which DB would have been entitled to receive; and/or
  - (d) payment in respect of holiday entitlement that would have accrued,

during the period for which payment in lieu of notice is made.

#### 4.3 **Paul Bobroff Service Contract**

Paul Bobroff ("**PB**") is an employee of the Company. The terms of his employment are governed by a contract of employment between the Company and PB dated 28 May 2015 ("**PB's Employment Contract**"). PB is employed by the Company as Managing Director and Executive Director.

PB's employment, commenced on 10 June 2013 and from such date the Company is under no obligation to provide PB with work and may at any time suspend or exclude him on full basic pay from any of its premises.

Under the terms of PB's Employment Contract, PB is entitled to receive from the Company:

- (a) a basic salary of £192,000 per annum in respect of his role as Managing Director;
- (b) a salary of £18,000 per annum, or such other amount as may be agreed from time to time, in respect of his role as Executive Director;
- (c) a bonus if declared, at the Chairman's absolute discretion, paid pro-rata in the case of employment terminating part way through the financial year (provided such termination is not as a result of a breach of contract);
- (d) a contractual bonus (separate from any discretionary bonus) in the event the Company makes a distribution to its shareholders. The amount of such bonus shall

be 1 per cent. of each distribution made to the shareholders or such greater percentage as the Chairman in his absolute discretion may agree. Such bonus is payable pro rata if PB's employment terminates part way through a financial year (provided such termination is not as a result of a breach of contract);

- (e) reimbursements in respect of all expenses reasonably incurred;
- (f) 30 working days paid holiday in each holiday year and normal basic remuneration for all public holidays normally observed in England as well as Jewish New Year and Day of Atonement, if those days fall on a normal working day; and
- (g) subject to PB's compliance with all his obligations in relation to absence reporting, payment of full salary for a maximum of twelve weeks in any one calendar year, during a period of absence due to injury or sickness.

PB's Employment Contract can be terminated by:

- (a) the Company providing written notice of not less than twelve months' to PB; or
- (b) PB providing written notice of not less than three months' to the Company,

and under the terms of PB's Employment Contract, PB's two separate roles may be terminated independently of each other.

PB's employment may be terminated at any time at the discretion of the Company, by providing a sum in lieu of notice equal to his basic salary as at the date of termination. Such payment in lieu of notice, at the Chairman's discretion may include:

- (a) a bonus or commission that might otherwise have been due;
- (b) payment in respect of benefits which PB would have been entitled to receive; and/or
- (c) payment in respect of holiday entitlement that would have accrued,

during the period for which payment in lieu of notice is made.

#### 4.4 **Li Jaiwei Service Contract**

Li Jiawei ("LJ") was appointed as a non-executive Director of the Company on 29 June 2015. The terms of her appointment as a non-executive Director are governed by a service agreement between the Company and LJ dated 26 August 2016. ("**LJ's Service Contract**").

Under the terms of LJ's service Contract she is required to act as a non-executive director of the Company until her appointment is terminated.

Under the terms of LJ's Service Contract, LJ is entitled to receive from the Company:

- (a) a fee of £18,000 on or before the 26th day of each calendar month; and
- (b) a bonus if declared, at the Board's absolute discretion. Any such discretionary bonus shall not form part of LJ's contractual remuneration and shall not be pensionable.

LJ's Service Contract can be terminated by:

- (a) the Company providing written notice of not less than twelve months' to LJ;
- (b) LJ providing written notice of not less than one month; or
- (c) as required under the Company's articles of association.

LJ's appointment may be terminated at any time at the discretion of the Company, by providing a sum in lieu of notice equal to her remuneration which she would have been

entitled to receive should the correct notice period been given by the Company. Such payment in lieu of notice, at the Board's discretion may include:

- (a) a bonus or commission that might otherwise have been due; and/or
- (b) payment in respect of benefits which LJ would have been entitled to receive, during the period for which payment in lieu of notice is made.

There have been no new service contracts or amendments to Directors' existing service contracts within the period of six months preceding the date of this document.

## **5. Material Contracts**

The following are the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this document by the Company:

### **5.1 The Underwriting Agreement**

The Company entered into the Underwriting Agreement with Richpoint on 18 November 2016. Richpoint has conditionally agreed to subscribe for the Firm Placing Shares and underwrite all of the Open Offer Shares that are not validly taken up by Qualifying Shareholders, at the Issue Price per share. As part of the underwriting, Richpoint has irrevocably and unconditionally undertaken not to apply for more than 5,000,000 Open Offer Shares under the Open Offer.

Richpoint's obligations under the Underwriting Agreement are conditional upon, amongst other things:

- (a) the passing of all of the Resolutions (without amendment) at the General Meeting by 1.00 p.m. on 7 December 2016;
- (b) the Underwriting Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to the Closing Date;
- (c) the warranties given in the Underwriting Agreement by the Company being true and accurate in all material respects and not misleading in any material respect at the date of the agreement and at each Significant Date by reference to the facts and circumstances then subsisting;
- (d) delivery of the signed Confirmation Letter by the Company to Richpoint immediately before the Closing Date;
- (e) no matter having arisen before the Closing Date which might reasonably be expected to give rise to a claim under the indemnity given under clause 12 of the Underwriting Agreement; and
- (f) there having been no material adverse change in the financial position of the Company before the Closing Date.

Under the Underwriting Agreement the Company irrevocably and unconditionally agrees, amongst other things to use the proceeds from the Firm Placing and the Open Offer to pay the Zhongying Settlement Sum in accordance with the terms of the Zhongying Settlement Agreement. Subject to the Zhongying Settlement Sum being received in full by Zhongying, the terms of the Underwriting Agreement require the balance of the proceeds to be used solely for the purpose of:

- (a) payment of any expenses incurred by the Company in connection with the Firm Placing and the Open Offer;
- (b) payment of the cost and expenses incurred in relation to amongst other things: obtaining the Rule 9 Waiver, all fees, costs and expenses of the Company's professional advisers including finnCap, and all fees, costs and expenses of DLA

Piper UK LLP (Richpoint's UK legal advisers) up to a maximum of £75,000 plus applicable VAT; and

- (c) the Company's general working capital requirements in relation to the exploitation of its investment in Zhongying and such other investments of the Company from time to time,

and not for any other purpose without the prior written consent of Richpoint. The obligation to make payment of DLA's fees, costs and expenses shall take effect upon completion of the allotment of the Firm Placing Shares and the Open Offer Shares not taken up by Qualifying Shareholders to Richpoint having taken place.

The Underwriting Agreement contains certain warranties and indemnities given by the Company in favour of Richpoint and provisions allowing Richpoint to terminate the Underwriting Agreement in certain circumstances prior to completion of: (i) the allotment of the Firm Placing Shares, (ii) the Open Offer Shares validly taken up by Qualifying Shareholders, and (iii) the subscription and allotment of the Open Offer Shares that are not validly taken up by Qualifying Shareholders. These types of clauses are customary for an agreement of this type.

The warranties include warranting the information contained in the Circular and other documents prepared by the Company in connection with the Firm Placing and Open Offer.

The aggregate liability of the Company for all claims under or in relation to the warranties in the Underwriting Agreement shall not exceed an amount equal to the Zhongying Settlement Sum. Further the Company shall not be liable for a warranty claim unless:

- (a) the Company's liability in respect of each warranty claim exceeds £25,000; and
- (b) the aggregate liability for such warranty claim when aggregated with the Company's liability for any other warranty claims (each claim must be at least £25,000) exceeds £100,000, in which case subject to the aggregate cap on liability equal to the Zhongying Settlement Sum, the Company shall be liable for the whole amount claimed.

In addition the Company has agreed to indemnify Richpoint against any dispute or civil, criminal, regulatory or administrative action, claim, proceeding, suit, investigation, arbitration or any form of alternative dispute resolution or any other proceeding or hearing whatsoever in any jurisdiction ("Claim") which may be made, threatened, brought or established against it at any time and all Losses (defined as: loss, liability, damage, cost, charge or expense of any nature (including reasonable legal fees, costs and expenses) in any jurisdiction, together with an amount equal to any irrecoverable VAT thereon (if applicable)) which it incurs or suffers at any time (including all Losses incurred or suffered in disputing any Claim, in establishing its right to be indemnified. The indemnity is subject to the caveat that such Claims and Losses must arise directly or indirectly out or in connection with:

- (a) Richpoint authorising or otherwise being found to be responsible or liable for the contents of the Circular or any other document prepared by the Company in connection with the Firm Placing and Open Offer; or
- (b) a failure or alleged failure by the Company or any agent, employee, officer or professional adviser of the Company (other than Richpoint or its associates) to comply with FSMA, the Takeover Code or any other laws in relation to the Firm Placing and Open Offer, or any of the documents prepared in respect of the same.

There is no cap on the Company's liability in respect of claims under or in relation to the indemnities.



## 5.2 **Zhongying Settlement Agreement**

The shareholders of Zhongying, being the shareholders of Zhongying from time to time according to the context of the Zhongying Settlement Agreement (the "**ZY Parties**") entered into an agreement on 20 July 2005 to form a joint venture company (the "**Joint Venture Company**"), (the "**2005 Agreement**") as amended, restated or renewed by the JV agreement dated 8 May 2007 (the "**2007 Agreement**") in which, each of the ZY Parties agreed to make a cash contribution in Zhongying.

The Company entered into the Zhongying Settlement Agreement with Zhongying on 17 November 2016. The terms of the Zhongying Settlement Agreement are governed by the laws of the People's Republic of China.

Under the terms of the Zhongying Settlement Agreement, the Company is to pay Zhongying £4,000,000 (the "**Settlement Sum**"). The Settlement Sum shall be allocated as follows:

- (a) RMB 29,870,000 in order to become the legal and beneficial owner of 20 per cent. of the subscribed capital of Zhongying, discharging in full the Company's obligations under two agreements entered into by each of Wuhan Kaidi Holding Investment Co. Ltd, Wuhan Kaidi Electric Power Co. Ltd, Eastlake Hi-tech Group Co. Ltd and the Company dated 20 July 2005 and 8 May 2007 respectively (the "**JV Agreements**") which includes an obligation on the Company to invest RMB 200,000,000 in Zhongying in exchange for 20 per cent. of the subscribed capital value of Zhongying (the "**Investment Obligation**"); and
- (b) the balance converted into RMB and paid to Zhongying's shareholders pro rata (excluding the Company). The payment to Zhongying's shareholders is to be treated as compensation for the Company's breach of its obligations under the JV Agreements.

The Company shall pay the Settlement Sum by wire transfer to Zhongying within seven days of completion of the Firm Placing and Open Offer ("**Settlement Date**"). In the event that the Company fails to make the payment by the Settlement Date, either party has the right to revoke the agreement within thirty days after the Settlement Date. Such revocation shall take effect upon the arrival of written notice from either party to the other. From the date of such revocation:

- (a) all obligations or liabilities of either party under the agreement are automatically waived; and
- (b) neither party shall have any claim under the agreement against the other party.

Zhongying and each of the ZY Parties irrevocably and unconditionally agree that the Investment Obligation shall be discharged in full and that there shall be no further or additional payments or other obligations imposed upon the Company to affect their legal and beneficial ownership of the Zhongying shareholding provided that:

- (a) the Settlement Sum has been paid by the Company;
- (b) Zhongying make the relevant filings with the Ministry of Commerce to effect the Company's investment; and
- (c) Zhongying register the Company's investment with Administration of Industry and Commerce.

Zhongying agrees to indemnify the Company against any and all claims and/or actions brought by any shareholder, past or present, of Zhongying, including any of the successors, assigns and/or personal representatives of any shareholder, past or present, of Zhongying, insofar as such claims and/or actions arise out of or are in connection with the Company's Investment Obligation.

Under the terms of the Zhongying Settlement Agreement, the Company waives any and all of its claim which it made or may make as a shareholder of Zhongying against

ZY Parties before full discharge of its Investment Obligation, including but not limited to the Company's claim in respect of its right to appoint board members to Zhongying, information rights and pre-emption rights.

The Company also agreed to pay on demand to Zhongying the amount of all reasonable costs and expenses (including legal fees and all out-of-pocket expenses and any VAT on such costs and expenses) which may be incurred by the other ZY Parties and/or Zhongying in connection with the Zhongying Settlement Agreement or the settlement of the Company's liabilities to the ZY Parties and/or Zhongying.

Both parties to the Zhongying Settlement Agreement have represented and warranted that:

- (a) they will take all necessary action to perform and deliver the transactions contemplated by the Zhongying Settlement Agreement and their power will not be exceeded as a result; and
- (b) performance of any transaction contemplated by the Zhongying Settlement Agreement does and will not conflict with:
  - a. any law or regulation applicable to it or binding on its assets;
  - b. its constitutional documents; or
  - c. any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement.

### 5.3 **finnCap Engagement Letter**

finnCap has agreed to act as financial advisor to the Company with regard to the waiver of the obligation under Rule 9 of the Takeover Code in connection with the firm placing and open offer being made by the Company (the "**Transaction**"). As set out in the engagement letter between finnCap and the Company dated 14 September 2016, finnCap shall provide the following services to the Company on an ongoing basis:

- (a) act as a Rule 3 advisor for the purposes of the Transaction;
- (b) advise on applicable regulatory requirements under the Code in relation to the Transaction;
- (c) liaise, as appropriate, with the Panel on behalf of the Company; and
- (d) comment on, and where appropriate approve, the issue of documents and announcements in connection with the Transaction.

In consideration of finnCap agreeing to act as financial advisor to the Company, the Company shall comply with the obligations set out in finnCap's engagement letter. These obligations take the form of undertakings, and include:

- (a) keeping finnCap fully informed of all strategies, developments and discussions relevant to the Transaction and that no initiatives or discussions relevant to the Transaction will be undertaken without prior consultation with finnCap;
- (b) not making, without finnCap's prior written consent, any announcement of the kind required to be notified to a Regulatory Information Service relating directly or indirectly to the Transaction or despatching any document to the holders of the Company's securities;
- (c) not disclosing any information relating to the Transaction of a confidential nature to any party (other than information which is already in the public domain or was lawfully available prior to its disclosure by the relevant party) without the prior written consent of finnCap;

- (d) using all reasonable endeavours to procure that its affiliates and associated and persons acting in concert with the Company will comply with all legal and regulatory provisions; and
- (e) making full written disclosure to finnCap of the identity of its associates and persons acting in concert with the Company, subject to any waiver by the Panel of such requirement, and of their respective holdings of and dealings in securities of the Company, and it will continue to make such full disclosure until the Engagement is completed or terminated.

The Company shall pay finnCap a fee of £65,000 (plus VAT where applicable) for their services, payable upon posting of the Circular to Shareholders. The Company shall also pay all costs, charges and expenses of finnCap in connection with their services, payable within 14 days of presentation of a finnCap invoice.

The engagement between finnCap and the Company may be terminated on not less than one month's prior written notice to the other party and, in the case of termination by the Company, such prior written notice to expire not earlier than three months or, on any of the events specified in finnCap's terms and conditions including, if the Company fails to comply with finnCap's advice or is in material breach of the terms of the engagement letter. On termination, the Company shall pay to finnCap the fees, costs, charges and expenses payable.

The Company agrees to indemnify any partner, director, officer, employee of or consultant or adviser to finnCap ("**Indemnified Person**") against all or any claims, actions, liabilities, demands, proceedings or judgments made, bought or established against any Indemnified Person in any jurisdiction, including:

- (a) in connection with the carrying out of services under or in connection with the engagement letter; or
- (b) arising out of an actual or alleged breach by the Company of any provision of the engagement letter; or
- (c) arising out of any documents issued in connection with the activities contemplated by the engagement letter; or
- (d) arising out of the failure or alleged failure by the Company to comply with applicable relevant statutory or regulatory provisions,

including (without limitation) any loss, damage, liability, cost, charge or expense (including professional and legal fees) incurred by an Indemnified Person as a result of investigating, preparing, disputing, defending or settling any actual or potential claim or mitigating any loss on its part.

The maximum liability of finnCap under the engagement letter or otherwise shall not exceed £500,000.

Save for the agreements outlined in paragraphs 5.1 to 5.3 above (inclusive), no member of the Group has: (i) entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document; or (ii) entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the Company has any obligation or entitlement which is or may be material to the Company as at the date of this document.

Save for the agreements outlined in paragraphs 5.1 to 5.3 above (inclusive) and the irrevocable undertaking referred to in paragraph 6 below, the Directors confirm that neither the Company nor Richpoint has entered into any arrangements having connection with the dependence upon the outcome of the Fundraising, nor relating to the transfer of securities acquired under the Fundraising.

Save as disclosed in paragraph 5.1 of this Part 6 and the irrevocable undertaking referred to in paragraph 6 below, no agreement, arrangement or understanding (including any compensation arrangement) exists between Richpoint and any of the Directors or recent directors, Shareholders or recent shareholders of the Company, or any person interested or recently interested in shares of the Company, having any connection with, or dependence upon, the Proposals.

## **6. Irrevocable Undertakings**

The Company has received an irrevocable undertaking from Richpoint that it will vote in favour of Resolutions 1, 2 and 3 and abstain from voting on Resolution 4 in respect of its beneficial holding of 68,622,986 Ordinary Shares (representing 29.90 per cent. of the Existing Ordinary Shares).

## **7. Material Change**

Save as disclosed in paragraph 4 of Part 1 of this document, there has been no significant change in the financial or trading position of the Company since 31 December 2015, being the date up to which the last audited consolidated accounts of the Company were prepared.

## **8. Incorporation of relevant information on the Company by reference**

The following documents are incorporated by reference into this document in compliance with Rule 24.15 of the Takeover Code and are available from the 'Investor Relations' section of the Company Website.

- |  |   |
|--|---|
| (a) the published annual report and audited accounts of the Company for the last two financial years ended 31 December 2015; | <a href="http://www.londonasiacapital.com/pdfs/LAC_Annual_Report_2015.pdf">http://www.londonasiacapital.com/pdfs/LAC_Annual_Report_2015.pdf</a><br><br>The financial statements are set out on Pg 12–28 |
| (b) and 31 December 2014; and  | <a href="http://www.londonasiacapital.com/pdfs/LAC_Annual_Report_2014.pdf">http://www.londonasiacapital.com/pdfs/LAC_Annual_Report_2014.pdf</a><br><br>The financial statements are set out on Pg 12–32 |
| (c) the Articles.  | <a href="http://www.londonasiacapital.com/preview/ir_articles_root.php">http://www.londonasiacapital.com/preview/ir_articles_root.php</a>   |

Shareholders or other recipients of this document may request copies of the information incorporated by reference from the Company at its registered office at 6 Grosvenor Street, London W1K 4PZ or by telephone at +44 (0)20 7467 9900. Hard copies of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

## **9. Management incentivisation**

There are no proposed incentivisation arrangements between Richpoint and the members of the Company's management.

## **10. Consents**

finnCap has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.

Richpoint has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.

## **11. Documents available for inspection**

Copies of the following documents are available for inspection on request by a Shareholder, person with information rights or other person to whom this document is sent at the offices of the Company during normal business hours on any weekday, (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the General Meeting:

- (a) the Articles;
- (b) the memorandum and articles of association of Richpoint;
- (c) the material contracts referred to in paragraph 5 of this Part 6;
- (d) the irrevocable undertaking referred to in paragraph 6 of this Part 6;
- (e) the consents referred to in paragraph 10 of this Part 6;
- (f) the annual report and audited accounts referred to in paragraph 8 of this Part 6; and
- (g) this document.

**Copies of the documents set out above are also available on the 'Investor Relations' section of the London Asia Capital website at the following address: [www.londonasiacapital.com](http://www.londonasiacapital.com).**

## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy and Form of Proxy unless the context requires otherwise:

<b>Articles</b>	the articles of association of the Company, as in force from time to time
<b>Application Form</b>	the personalised application form accompanying this document on which Qualifying Shareholders may apply for Open Offer Shares under the Open Offer
<b>Basic Entitlement(s)</b>	the pro rata entitlement of Qualifying Shareholders to subscribe for 3 Open Offer Shares for every 5 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer
<b>Board or Directors</b>	the directors of the Company whose names are set out on page 7 of this document
<b>Business Day</b>	any day on which banks are usually open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday
<b>Closing Date</b>	7 December 2016
<b>Companies Act or the Act</b>	Companies Act 2006, as amended
<b>Company or London Asia Capital plc</b>	London Asia Capital plc, a public limited company incorporated in England and Wales with registered number 03784771
<b>Company Website</b>	<a href="http://www.londonasiacapital.com">www.londonasiacapital.com</a>
<b>Confirmation Letter</b>	the confirmatory letter from the Company to Richpoint in the form of schedule 3 to the Underwriting Agreement
<b>Enlarged Share Capital</b>	the total number of issued Shares in the capital of the Company on completion of the Fundraising
<b>Excess Application or Excess Shares</b>	Open Offer Shares which may be applied for by Qualifying Shareholders under the Excess Application Facility
<b>Excess Application Facility</b>	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Basic Entitlements in accordance with the terms and conditions of the Open Offer
<b>Existing Ordinary Shares</b>	the issued share capital of the Company as at the date of this document, being 229,508,582 Ordinary Shares
<b>FCA</b>	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>finnCap</b>	finnCap Ltd, 60 New Broad Street, London, EC2M 1JJ, registered number 06198898
<b>Firm Placing</b>	the firm placing by the Company of the Firm Placing Shares with Richpoint
<b>Firm Placing Shares</b>	the 220,000,000 new Ordinary B Shares the subject of the Firm Placing
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)

<b>Fundraising</b>	the Firm Placing and the Open Offer
<b>Form of Proxy</b>	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
<b>Notice</b>	the notice of the General Meeting set out at the end of this document
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, as set out in the Notice
<b>General Meeting</b>	the general meeting of the Company to be held at 10.30 a.m. on 7 December 2016 at The Waterloo Suite, Millennium Hotel, 44 Grosvenor Square, Mayfair, London W1K 2HP, or any reconvened meeting following any adjournment of the general meeting, convened by the Notice
<b>Gross Proceeds</b>	the proceeds from the issue of the New Shares prior to the deduction of the estimated expenses, being approximately £7.154 million
<b>Group</b>	the Company and its subsidiaries
<b>Independent Shareholders</b>	the holders of Existing Ordinary Shares, other than Richpoint
<b>Issue Price</b>	2 pence per New Share
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Money Laundering Regulations</b>	Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms), the Terrorism Act 2000, the Anti-Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002 and the Terrorism Act 2006
<b>Net Proceeds</b>	the estimated net proceeds from the issue of the New Shares after the deduction of the estimated expenses from the Gross Proceeds
<b>New Articles</b>	the new articles of association to be adopted pursuant to the Resolutions
<b>New Shares</b>	the Firm Placing Shares and the Open Offer Shares
<b>Open Offer</b>	the invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and on the Application Form
<b>Open Offer Shares</b>	the 137,705,149 new Ordinary B Shares for which Qualifying Shareholders are being invited to apply, to be issued pursuant to the terms of the Open Offer
<b>Ordinary Shares</b>	ordinary shares of 5 pence each in the capital of the Company, and <b>Ordinary Share</b> shall be construed accordingly

<b>Ordinary B Shares</b>	ordinary B shares of 2 pence each in the capital of the Company, and <b>Ordinary B Share</b> shall be construed accordingly
<b>Overseas Shareholders</b>	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside of the United Kingdom
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>PRC</b>	People's Republic of China
<b>Proposals</b>	the Fundraising and the Rule 9 Waiver
<b>Prospectus Rules</b>	the Prospectus Rules published by the FCA under section 73A of FSMA
<b>Prospectus Directive</b>	directive 2003/71/EC on the requirements for a prospectus to be published when securities are offered to the public or admitted to trading
<b>Qualifying Shareholders</b>	Shareholders at the Record Date with the exclusion of Shareholders with a registered address or who are resident in any Restricted Jurisdiction
<b>Record Date</b>	5.30 p.m. on 15 November 2016
<b>Restricted Jurisdiction</b>	each and any of Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa, New Zealand and the United States and any other jurisdiction where the extension or the availability of the Open Offer would breach any applicable law
<b>Richpoint</b>	Richpoint Group Overseas Ltd, further information in relation to which is set out in paragraph 2 of Part 6 of this document
<b>Richpoint Director</b>	Helen Yang
<b>RMB</b>	Chinese Yuan Renminbi, the lawful currency of the PRC
<b>Rule 9 Waiver</b>	the waiver by the Panel, subject to approval by Independent Shareholders voting on a poll, of the obligations of Rule 9 of the Takeover Code in respect of Richpoint as described in this document
<b>Securities Act</b>	the US Securities Act of 1933 (as amended)
<b>Shareholders</b>	holders of Shares
<b>Shares</b>	the Ordinary Shares and the Ordinary B Shares, or either of them as the context dictates
<b>Takeover Code</b>	the City Code on Takeovers and Mergers published by the Panel
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>Underwriting Agreement</b>	the conditional agreement between Richpoint and the Company described in paragraph 5.1 of Part 6 of this document
<b>United States or US</b>	the United States of America



<b>Zhongying Settlement Agreement</b>	the agreement between the Company and Zhongying dated 17 November 2016 further details of which are set out in paragraph 5.1 of Part 6 of this document
<b>Zhongying Settlement Sum</b>	the sum of £4m to be paid by the Company to Zhongying under the Zhongying Settlement Agreement in satisfaction of the outstanding subscription sums of approximately £3.1m due to Zhongying for the shares previously subscribed by the Company in Zhongying plus associated interests and costs
<b>Zhongying</b>	Zhongying Changjiang International New Energy Investment Co., Ltd, further information in relation to which is set out in Part 5 of this document
<b>Zhongying Shareholding</b>	the Company's interest in the share capital of Zhongying
<b>£, Pounds Sterling or Pence</b>	UK pounds sterling, the lawful currency of the United Kingdom

# NOTICE OF GENERAL MEETING

## LONDON ASIA CAPITAL PLC

*(Registered in England and Wales with number 03784771)*

NOTICE is hereby given that a general meeting of London Asia Capital plc (the "**Company**") will be held at 10.30 a.m. on 7 December 2016 at The Waterloo Suite, Millennium Hotel, 44 Grosvenor Square, Mayfair, London W1K 2HP to consider and, if thought fit, to pass the following resolutions ("**Resolutions**"), of which Resolutions 1 and 3 will be proposed as special resolutions and Resolutions 2 and 4 will be proposed as ordinary resolutions. Unless the context requires otherwise, words and expressions defined in the circular dated 18 November 2016, of which this notice forms part, have the same meanings when used in this notice.

### **SPECIAL RESOLUTION**

1. THAT the draft articles of association produced to the meeting and, for the purposes of identification, initialled by the Chairman, be adopted as the new articles of association of the Company in substitution for and to the exclusion of, the Company's existing articles of association.

### **ORDINARY RESOLUTION**

2. THAT, subject to the passing of Resolutions 1, 3 and 4, in accordance with section 551 of the Act, the directors of the Company be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £7,154,103 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months from the date of the passing of this Resolution or, if earlier, the date of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

### **SPECIAL RESOLUTION**

3. THAT, subject to the passing of Resolutions 1 and 2 and in accordance with section 571 of the Act, the directors of the Company be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 2, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall:
  - (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £7,154,103; and
  - (b) expire on the date which is 15 months from the date of the passing of this Resolution or, if earlier, the date of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

### **ORDINARY RESOLUTION**

4. THAT, subject to the passing of Resolutions 1, 2 and 3, the waiver granted by the Panel on Takeovers and Mergers, described in the circular issued by the Company of which this notice forms part (a copy of which was produced to the meeting and initialled by the

Chairman for identification), of the obligations that would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers for Richpoint Group Overseas Ltd to make a general offer to the shareholders of the Company as a result of the issue of Open Offer Shares in connection with the Open Offer be and is approved.

**BY ORDER OF THE BOARD**

**David Fordham**  
Company Secretary

*Registered Office*  
6 Grosvenor Street  
London  
W1K 4PZ

Dated 18 November 2016

**Notes:**

1. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
2. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company Secretary at the address set out in note 4.
4. To be effective at the General Meeting, a form of proxy duly executed (together with any power of attorney or other written authority under which it is executed or a notarially certified copy of such power or authority) must be delivered to 'The Company Secretary, London Asia Capital plc, 6 Grosvenor Street, London W1K 4PZ' by no later than 10.30 a.m. on 5 December 2016 or not less than 48 hours before the time of any adjourned meeting together with any authority under which it is agreed.
5. Any electronic address provided either in this notice or any related documents may not be used to communicate with the Company for any purposes other than those expressly stated.
6. Voting on Resolution 4 will be conducted on a poll of Independent Shareholders to comply with the requirements of the Panel on Takeovers and Mergers.

