5 July 2013

To the Independent Privateco Shareholders

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY CELESTIAL CAPITAL LIMITED ON BEHALF OF CELESTIAL INVESTMENT GROUP LIMITED FOR ALL THE SHARES IN THE CAPITAL OF CASH RETAIL MANAGEMENT (HK) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CELESTIAL INVESTMENT GROUP LIMITED)

A. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the the Independent Privateco Shareholders in respect of the Privateco Offer, details of which are set out in the Composite Document jointly issued by CASH, CIGL and the Privateco to the Privateco Shareholders dated 5 July 2013 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

On 15 May 2013, CFSG announced that the board of directors of CFSG proposed to distribute all of its Privateco Shares in specie to the qualifying CFSG Shareholders whose names appear on the register of the members of the CFSG on the record date on the basis of one Privateco Share for each CFSG Share held. On 18 June 2013, the resolution in respect of, among other things, the Privateco Offer was approved at the special general meeting of CASH. On 21 June 2013, the resolution in respect of, among other things, the Distribution In Specie was approved at the special general meeting of CFSG. On 28 June 2013, the Distribution Completion has taken place. Accordingly, the pre-conditions of the Privateco Offer as set out in the Joint Announcements, the CASH Circular and the CFSG Circular have been fulfilled as at the Latest Practicable Date. As set out in the Joint Announcements, the CASH Circular and the CFSG Circular, immediately upon the Distribution Completion and based on the current shareholding structure of CFSG, CIGL is currently interested in approximately 42.75% of the issued share capital of the Privateco. Given the Distribution Completion has taken place and the pre-conditions of the Privateco Offer have been fulfilled, CIGL would make a voluntary conditional cash offer to the Privateco Shareholders to acquire all the Privateco Shares (other than those already owned or agreed to be acquired by CIGL). Accordingly, Celestial Capital would, on behalf of CIGL and pursuant to the Takeovers Code, make the Privateco Offer on the basis of HK$0.011 in cash (the "Privateco Offer Price") for each Privateco Share.

As the Privateco Board does not have any non-executive directors or any independent non-executive directors, no independent board committee of the Privateco Board can be formed to give recommendation to the Independent Privateco Shareholders in connection with the Privateco Offer. We have been appointed as the Independent Financial Adviser to advise the Independent Privateco Shareholders in respect of the Privateco Offer. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Privateco Shareholders as to whether the terms of the Privateco Offer are,or are not, fair and reasonable so far as the Independent Privateco Shareholders are concerned and whether Independent Privateco Shareholders should accept or reject the Privateco Offer.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the Privateco, and their directors and management. We have assumed that all information and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continue to be true and accurate at the Latest Practicable Date. Independent Privateco Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to date throughout the offer period (as defined under the Takeovers Code). We have also assumed that all statements of belief, opinion and intention made by the directors of the Privateco and CIGL in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. The Privateco Directors have declared in a responsibility statement set out in the Appendix IV to the Composite Document that they collectively and individually accept full responsibility for the accuracy of the information contained in the Composite Document (other than those information relating to CIGL, its shareholders and associates). We have not, however, carried out any independent verification of the information provided by the Privateco, and their directors and management, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Privateco Group and/or CIGL.

In formulating our opinions, we have not considered the tax implications on the Independent Privateco Shareholders arising from acceptances or non-acceptances of the Privateco Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Privateco Offer. In particular, the Independent Privateco Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the period for the acceptance of the Privateco

Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

This letter is issued for the Independent Privateco Shareholders solely in respect of the Privateco Offer and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Privateco Shareholders in relation to the Privateco Offer, we have considered the principal factors and reasons set out below:

1. Historical financial performance of the Privateco Group

The Privateco is an investment holding company incorporated in British Virgin Islands with limited liability and through its subsidiaries, is principally engaged in retail management businesses including the provision of one-stop smart home solutions such as retailing of furniture, household goods and electrical appliances through the chain stores under the brand names of "Pricerite" in Hong Kong and "生活經艷" (translated as Sheng Huo Jing Yan) in the PRC.

Set out below is a 3 years summary of the financial information on the Privateco Group as extracted from the accountants' report of the Privateco Group for the three years ended 31 December 2012 (the "Accountants' Report") as contained in the Appendix II to the CFSG Circular:

	For the year ended 31 December		
	2012	**2011**	**2010**
	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,095,681	1,072,752	1,011,241
Profit for the year	13,347	16,334	42,572

	As at 31 December		
	2012	**2011**	**2010**
	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Net asset value	154,335	145,589	107,708
Total assets	488,060	458,505	404,882
Total liabilities	333,725	312,916	297,174

(i) Audited consolidated results for the year ended 31 December 2011

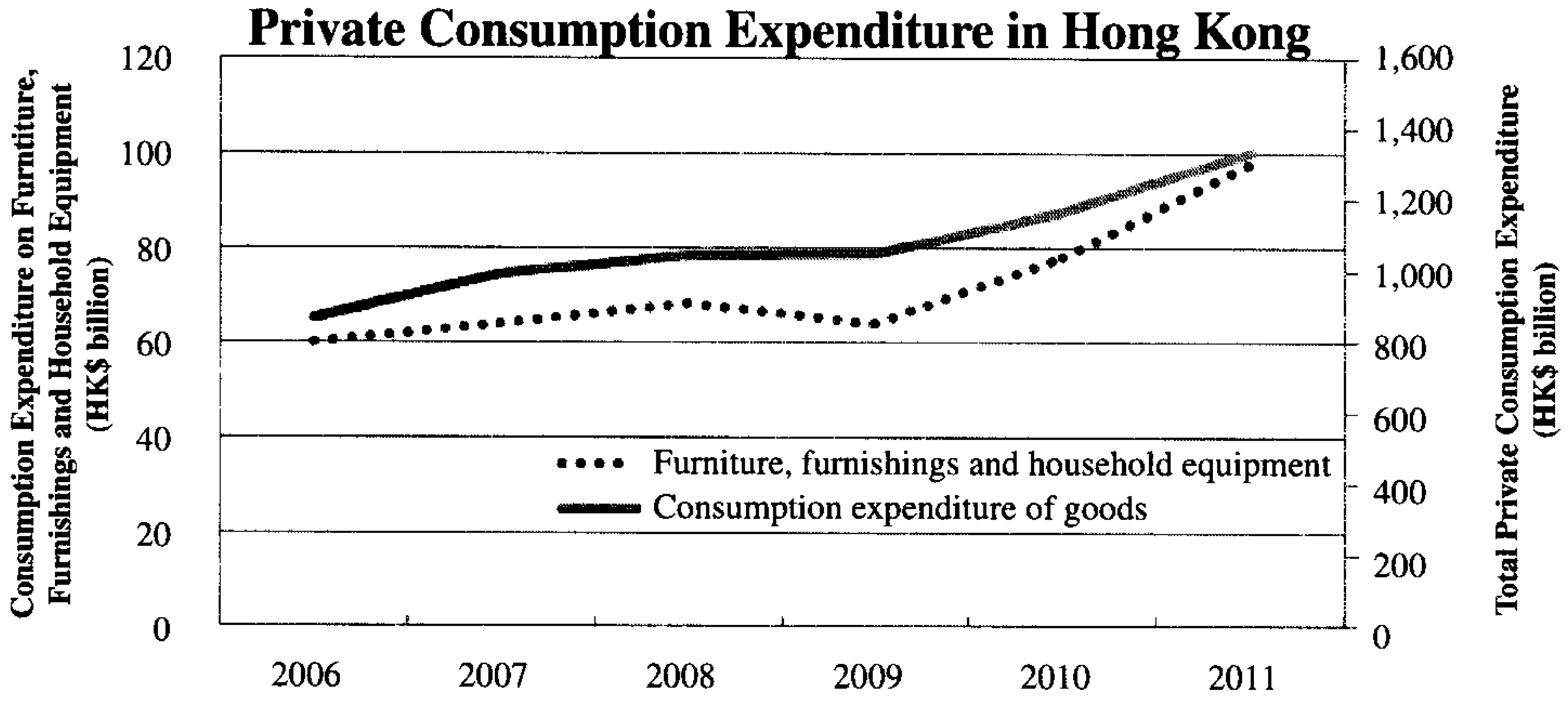
As disclosed in the Accountants' Report, the Privateco Group recorded a revenue of approximately HK$1,072.8 million for the year ended 31 December 2011, representing an increase of approximately 6.1% as compared with that of the previous year. During the year the Privateco Group recorded a net profit of approximately HK$16.3 million for the year ended 31 December 2011 as compared to a net profit of approximately HK$42.6 million for the previous year, representing a substantial decrease of approximately 61.6%. With reference to the Accountants' Report, such decrease in net profit was mainly due to the combined effect of (i) the gain on disposal of assets held for sales of approximately HK$32.4 million; (ii) the increase in cost of sales for retailing business of approximately HK$47.2 million; (iii) the increase in staff costs of approximately HK$24.0 million; and (iv) the increase in other operating, administrative and selling expenses of approximately HK$39.3 million, where (ii) to (iv) were as a result of the sharp increase in rental cost, enacted statutory minimum wage and inflation which have increased the operating overheads of the Privateco Group. The net asset value of the Privateco Group as at 31 December 2011 was approximately HK$145.6 million, representing an increase of approximately 35.2% compared with that as at 31 December 2010. Such increase was mainly due to the combined effect of (i) the net profit recognised for the year; and (ii) the surplus on the revaluation of leasehold land and buildings during the year ended 31 December 2011.

(ii) Audited consolidated results for the year ended 31 December 2012

As disclosed in the Accountants' Report, the Privateco Group recorded a revenue of approximately HK$1,095.7 million for the year ended 31 December 2012, representing a slight increase of approximately 2.1% as compared with that of the previous year. With reference to the Accountants' Report, the net profit for the year decreased further from approximately HK$16.3 million in 2011 to approximately HK$13.3 million in 2012, representing a decrease of approximately 18.3% from previous year. Such decrease was mainly due to the combined effect of the increase in cost of sales for retailing business as a result of the rising operating costs, in particular, the surging rentals in respect of land and building, the underperforming PRC retailing business given its early investment phase, the increase in income tax expense, the impairment loss in respect of property and equipment of approximately HK$4.7 million and the absence of gain on disposal of assets held for sales of approximately HK$32.4 million as in 2011. Apparently the net profit of the Privateco Group might seem to be deteriorating when compared to financial year ended 31 December 2011. However, if the gain on disposal recorded in 2011 is excluded, the Privateco Group would have recorded an operating loss for the year ended 31 December 2011. Therefore, having taken into account of such gain on disposal, the operating results of the Privateco Group could be considered to be improved for the year ended 31 December 2012. The net asset value of the Privateco Group as at 31 December 2012 was approximately HK$154.3 million, representing an increase of approximately 6.0% compared with that as at 31 December 2011.

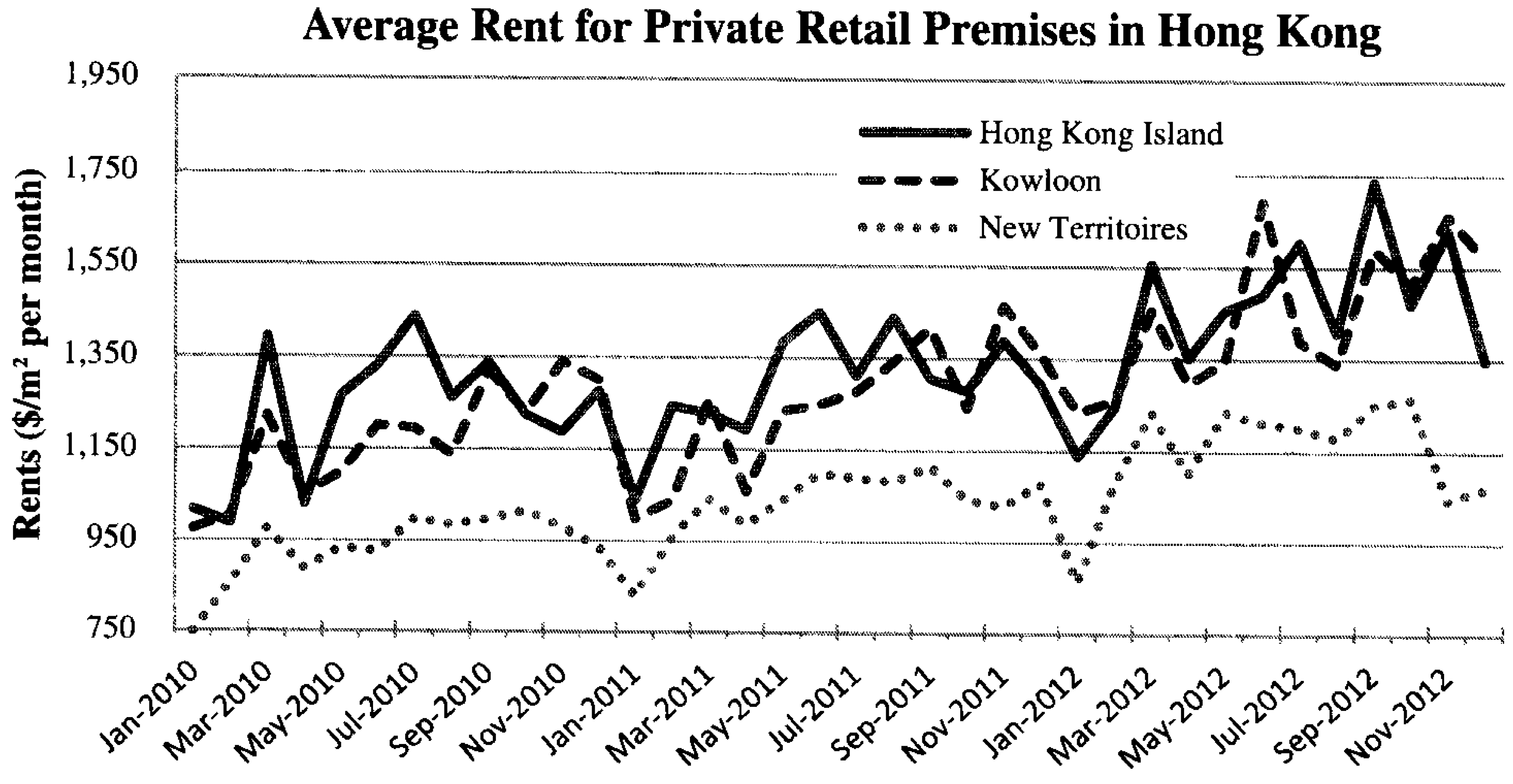
2. Future prospects of the Privateco Group

In Hong Kong, the retail market has maintained a steady growth momentum in recent years. With reference to Hong Kong Annual Digest of Statistics 2012 published by Census and Statistics Department of Hong Kong, the private consumption expenditure at the then current market price increased from approximately HK$874.1 billion in 2006 to approximately HK$1,341.7 billion in 2011, representing a compound annualised growth rate ("CAGR") of approximately 8.9%. As illustrated in the graph below, the consumption expenditure spent on furniture, furnishings and household equipment has grown from approximately HK60.1 billion in 2006 to approximately HK$98.2 billion in 2011, representing a CAGR of approximately 10.3%.



Reference: Census and Statistic Department of Hong Kong

As discussed in the annual report of CFSG for the year ended 31 December 2012 and the CFSG Circular, the rising operating costs posed challenges to the retail management businesses of the Privateco Group. Having a total of 34 stores under the brand name of "Pricerite" in Hong Kong and 3 stores under the brand name of "生活經艷" (translated as Sheng Huo Jing Yan) in the PRC during 2012, rentals of these retail stores represented a substantial portion of the Privateco Group's operating expenses. Notwithstanding with the fact that the Privateco Group was able in maintain a similar revenue level, the operating costs of the retail management businesses have been increasing and eroding the profit margin of the Privateco Group in recent years given the skyrocketing rental costs coupled with inflationary pressure in all aspects. The following graph shows the historical average rent for private retail premises in Hong Kong from January 2010 to December 2012:



Reference: The Rating and Valuation Department of Hong Kong

According to the statistics published by the Rating and Valuation Department of Hong Kong, the average rent for private retail premises, in terms of per square meter per month ("/m^2 per month"), has substantially increased since 2010. The respective average rent for the private premises in Hong Kong Island, Kowloon and New Territories increased from approximately HK$1,015, HK$972 and HK$747/m^2 per month in January 2010 to approximately HK$1,347, HK$1,567 and HK$1,068/m^2 per month in December 2012, representing an increase of around 32.71%, 61.21% and 42.97% respectively. Research of Savills has also shown that the average first-floor rent for prime shopping mall in Guangzhou has increased from approximately RMB1,143/m^2 per month in first quarter of 2010 to approximately RMB1,267/m^2 per month in fourth quarter of 2012, representing an increase of around 10.84%. Nevertheless, retail premises available in prime and attractive locations are usually very much in demand from luxury retailers or well-known global brands. During the corresponding period, the operating lease rental expenses of the Privateco Group increased from approximately HK149.77 million for the year ended 31 December 2010 to approximately HK$171.36 million for the year ended 31 December 2012, representing an increase of around 14.41% during the period. As discussed with the management of the Privateco, the lease terms of the Privcateco Group's retail stores are usually 3 to 5 years. The leases of a number of retail stores have been renewed or such stores have been relocated during the period from 2010 to 2012. However, a majority of the lease agreements of the Privateco Group's retail stores will expire in less than 2 years. We therefore concur with the view of the management that the influence of the increase in rentals will persist and adversely affect the profitability of the Privateco Group in the coming future.

Besides the pressure from sky-high rents of retail stores, the retail management businesses of the Privateco Group were adversely affected by a number of factors, including but not limited to, the newly enacted and lifted statutory minimum wage, inflationary pressure on the goods and products sourced from China due to appreciation of Renminbi and the government measures curbing the overheated property market which dragged the sales activities of residential premises and also the sales of household furniture given that more than 50% of the Privateco Group's revenue was derived from sales of furniture and electrical appliances during the three years ended 31 December 2012.

In order to cope with those challenges and improve the performance of its retail management businesses, the Privateco Group has adopted new branding and launched a marketing campaign named "Living Smart" to drive the growth in sales while aimed to renew existing stores through the long-term rejuvenation program. While the Privateco Group was able to maintain its revenue at a similar level despite of the aforementioned unfavorable market conditions, the future performance of the Privateco Group, even under the steady growth of the retail market for furniture, furnishings and household equipment, will indeed depend on a number of factors, including but not limited to, the economic conditions in Hong Kong and the PRC, the ability of Privateco Group to maintain its cost leadership approach, optimise its product mix, enhance its operational efficiency and make timely strategic adjustments in response to the market changes in Hong Kong and the PRC.

As advised by the management of the Prviateco, it is the intention of CASH and CIGL that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses. CASH and CIGL have no intention to discontinue the employment of any employees of the Privateco Group. Also, CASH and CIGL have no intention to redeploy any fixed assets of the Privateco Group. It is also the intention of CASH and CIGL that Privateco Group will not hold any assets other than those relating to the Distributed Businesses, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the Privateco Shareholders has been obtained. Moreover, CASH and CIGL has no intention to make any application for the listing of, and permission to deal in, Privateco Shares on the Stock Exchange or any other stock exchange.

Meanwhile, the Privateco has become a public non-listed company under the laws of Hong Kong and like any kinds of companies as well as a listed company, the Privateco Group may require further funding from the its shareholders to maintain and develop its business in the future, in particular, for the retailing business in the PRC which is still in its early investment phase and such kind of investment could be capital intensive in nature, even though the Privateco Board has no funding needs or intention to conduct any fund raising activities now or in the foreseeable future.

As advised by the management of the Privateco, it is expected that the operating environment for the year ahead will still be challenging considering the continual increase in rentals, staff costs and inflation pressure on costs of purchase and other aspects, all of which are eroding the profit margin of the Privateco Group and such increases would improbably be able to fully shifted to customers due to keen market competition. Having considered the above factors and the fluctuating profit track record of the Privateco Group, especially after taken into account of the gain on disposal in 2011 which was non-recurring in nature, we consider that there is no guarantee that the prospects of the Privateco Group will continue to have significant improvement in the near future. In light of the above, we are of the view that it would be imprudent at the present moment to determine whether the Privateco Group's business and financial performance in the near future will further improve or not.

3. Background of CIGL and the intention of CIGL regarding the Privateco Group

(i) Background of CIGL

CIGL, a wholly-owned subsidiary of CASH, is the existing controlling shareholder of CFSG, holding directly a total of 1,657,801,069 Shares (representing approximately 42.75% of the equity interest in CFSG) as at the Latest Practicable Date. CIGL is an investment holding company incorporated in the BVI with limited liability. As an investment holding company, CIGL is currently holding the aforesaid equity interests in CFSG and 100% equity interest in the mobile Internet businesses of CASH. Save as disclosed, CIGL had not carried out any operations nor had any other major assets as at the Latest Practicable Date.

(ii) Intention of CIGL in relation to the Privateco Group

As stated in the letter from Celestial Capital in the Composite Document, it is the intention of CASH and CIGL that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses. CASH and CIGL have no intention to discontinue the employment of any employees of the Privateco Group. Also, CASH and CIGL have no intention to redeploy any fixed assets of the Privateco Group. It is also the intention of CASH and CIGL that Privateco Group will not hold any assets other than those relating to the Distributed Businesses, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the Independent Privateco Shareholders has been obtained.

The Privateco is a public non-listed company under the laws of Hong Kong. Like any kinds of companies as well as a listed company, the Privateco Group may require further funding, such as rights issues, open offer and/or placing of new Privateco Shares, from Privateco Shareholders or other investors to maintain and develop its business in the future even though there is no existing plan or intention for the Privateco Group to conduct any fund raising activities. However, any kinds of equity financing activities in the futures, whether on a pro-rata basis, may result in dilution of shareholding interests of the then Privateco Shareholders directly or in case the then Privateco Shareholders do not participate in those equity financing activities in accordance with their respective interests in the Privateco.

As stated in the section "Compulsory Acquisition" in the letter from Celestial Capital as set out in the Composite Document, subject to sufficient Privateco Shares being acquired and pursuant to section 176 of the Act, CIGL intends to avail itself the right to compulsorily redeem the remaining Privateco Shares not already acquired under the Privateco Offer. Under section 176 of the Act, CIGL can require the Privateco to compulsorily redeem Privateco Shares of the remaining Privateco Shareholders once it holds 90% of all the issued Privateco Shares. In addition to the aforesaid requirement, Rule 2.11 of the Takeovers Code requires acceptances of the Privateco Offer during the period of four months after posting of the Composite Document to total 90% of the disinterested Privateco Shares. Further announcements will be made about the exercise of such compulsory acquisition rights should CIGL exercise such rights.

Interests of the Privateco Shareholders will be safeguarded by the new articles of association adopted by the Privateco on 21 June 2013, which contain comparable provisions, including but not limited to, rights and duties of directors and shareholders individually and in meetings, dealing with allotment, transfer and forfeiture of Privateco Shares, annual audit of financial statements, as to those required under the Listing Rules in respect of a listed issuer. The interests of the minority Privateco Shareholders could therefore be fairly protected by giving them the applicable rights and protection as to those shareholders of a listed company in Hong Kong even though the Privateco is a non-listed public company.

As at the Latest Practicable Date, the directors of the Privateco were Mr Kwan Pak Hoo Bankee (also a CASH Director), Mr Law Ping Wah Bernard (also a CASH Director), Mr Ng Hin Sing Derek and Mr Leung Siu Pong James.

4. The Privateco Offer

Celestial Capital, on behalf of CIGL, will make the Privateco Offer, which is conditional and in compliance with the Takeovers Code, on the following terms:

for each Privateco Share .... HK$0.011 in cash

The offer price under the Privateco Offer has been determined based on the unaudited net asset value of the Privateco Group as at 31 March 2013 of approximately HK$42.6 million (being the audited consolidated net asset value of the Privateco Group as at 31 December 2012 of approximately HK$154.3 million less the dividend of approximately HK$111.7 million declared and paid by the Privateco to its then holding company on 31 March 2013). As discussed with the management of the Privateco and with reference to the management accounts of the Privateco Group for the three months ended 31 March 2012 and 31 March 2013, save as the aforementioned dividend as disclosed in the CFSG Circular, we are not aware of any material changes in the financial and trading position which would otherwise substantially affect the unaudited consolidated net asset value of the Privateco Group as at 31 March 2013 since the end of financial year ended 31 December 2012. On the basis that 3,877,859,588 Privateco Shares are in issue upon the Distribution Completion and based on the Privateco Offer Price of HK$0.011 per Privateco Share, the entire issued share capital of the Privateco is valued at approximately HK$42,656,455.47. The Privateco Offer will be financed by the internal resources of the CASH Group. The CASH Group will use part of the proceeds to be raised from the proposed rights issue (as announced by CASH on 23 April 2013 and was completed on 13 June 2013) to replenish its general working capital.

As at the Latest Practicable Date, there were 3,877,859,588 Privateco Shares in issue. The CIGL Concert Party Group is interested in a total of 1,758,522,749 Privateco Shares, representing approximately 45.35% of the issued share capital of the Privateco as at the Latest Practicable Date. Based upon a total of 3,877,859,588 Privateco Shares in issue and 1,657,801,069 Privateco Shares being beneficially owned by the CIGL, representing approximately 42.75% of the share capital of the Privateco in issue as at the Latest Practicable Date, 2,220,058,519 Privateco Shares (representing approximately 57.25% of the share capital of the Privateco in issue) are subject to the Privateco Offer.

The Privateco Offer will be conditional upon valid acceptances being received which would result in the CIGL Concert Party Group holding more than 50% of the issued share capital of the Privateco.

5. The Privateco Offer Price

(i) Comparable analysis

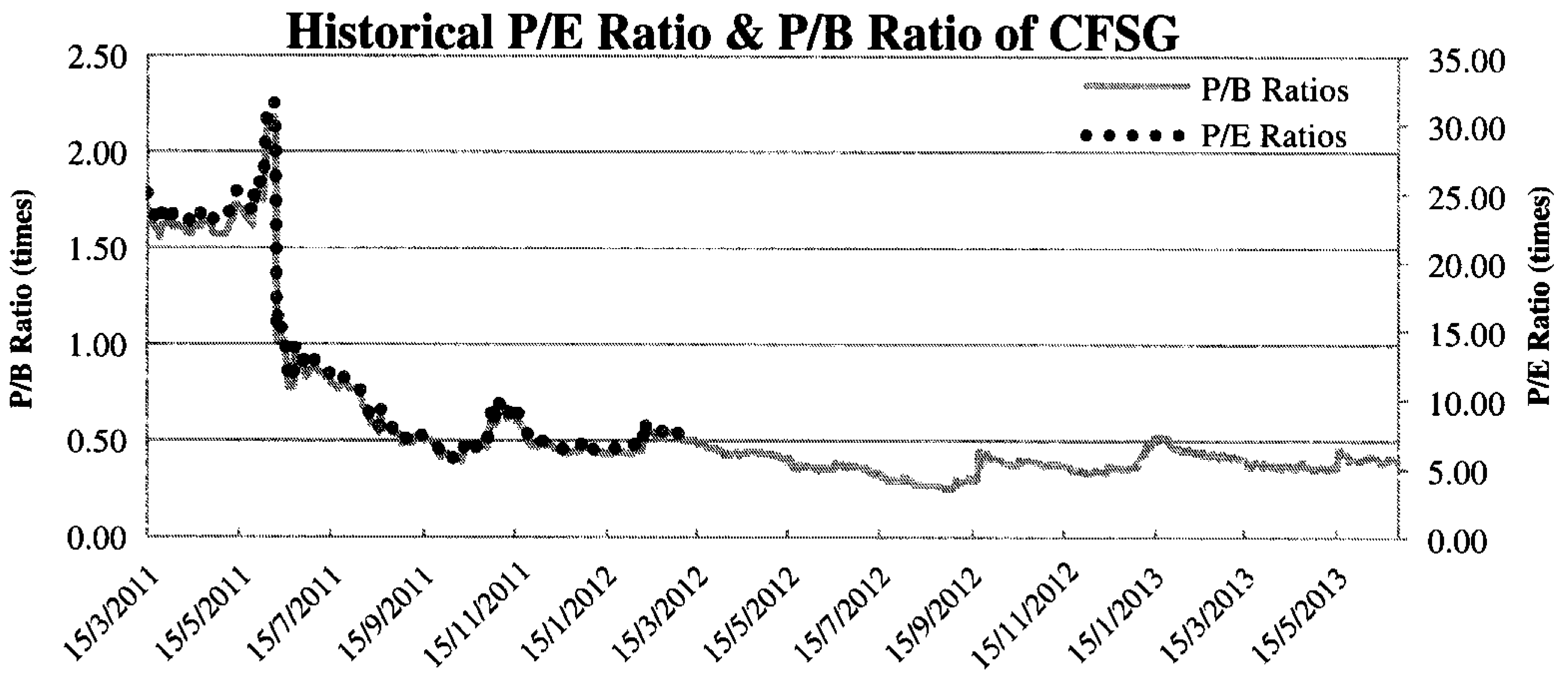
Price-to-earnings ratio ("P/E ratio") and price-to-book ratio ("P/B ratio") are the two most commonly adopted valuation benchmarks in comparing the valuation of a company's shares. The Privateco is valued at approximately HK$42.6 million based on the Privateco Offer Price of HK$0.011 and the number of 3,877,859,588 Privateco Shares in issue. With reference to the consolidated profit for the Privateco Group for the year ended 31 December 2012 of approximately HK$5,588,000 (after the adjustment to the effective interest income of approximately HK$7,759,000 on the amounts due from the Group prior to the Distribution In Specie), the implied P/E ratio of the Privateco is approximately 7.6 times. Given that the Privateco Offer Price is made reference to and the same as the net asset value per Privateco Shares of approximately HK$0.011, the implied P/B ratio of the Privateco is approximately 1.0 times.

As mentioned above, the principal businesses of the Privateco Group are retailing of furniture, household goods and electricial appliances through the chain stores in Hong Kong and the PRC. With reference to the published annual reports of CFSG for the two years ended 31 December 2012 and the Accountants' Report, we noted that the PRC retail operation has yet started generating revenue until 2011 and contributed merely approximately 0.4% and 0.8% of the Privateco Group's revenue for the two year ended 31 December 2012 respectively given that the retailing business in the PRC is still in its early investment phase. In assessing the fairness and reasonableness of the Privateco Offer Price, we have conducted a search through the website of the Stock Exchange for companies which are listed on the Stock Exchange and are engaged in the same or similar businesses, i.e. retailing of furniture, furnishing and household equipment in both Hong Kong and the PRC with a focus on Hong Kong market. However, even there are a few listed companies which are principally engaging in sales of furniture, their businesses either involve manufacturing of furniture, with majority of revenue derived from PRC, focus on wholesale level or mainly involve franchise stores instead of self-operating stores. As such, based on such criteria, we have not identified any such company which we consider represents a comparable company to the Privateco Group.

(ii) Comparison with the P/E ratio and P/B ratio analysis of CFSG

Before the Distribution Completion, both the retail management businesses of the Privateco Group and financial services business were within the CFSG Group. The historical price multiples of the shares of CFSG represented how investors in the market valued such businesses having taken the retail management businesses and financial service businesses as a whole. Given that the existing Privateco Shareholders are essentially the holders of the shares of CFSG, in order to justify whether the Privateco Offer represents a favourable opportunity for the Privateco Shareholders to realise their investment in the Privateco Group, we attempt to compare the current valuation of the Privateco Group implied by the Privateco Offer Price with how the investors in market value the shares of CFSG, which are in essence held by Privateco Shareholders, in recent years. Notwithstanding with the fact that the price multiples of the shares of CFSG may also reflect fundamental factors of its financial services businesses, in the absence of any comparable companies to the Privateco Group, the historical price multiples of CFSG Group may still illustrate to Privateco Shareholders the difference on the overall valuation of their investment in both of the businesses through the shares of CFSG held during the Review Period and the valuation of their investment in Privateco Group's business implied by the Privateco Offer Price for a more informed decision when deciding whether to accept or reject the Privateco Offer.

We have review the historical P/E ratio and P/B ratio of CFSG for the period from 15 March 2011, being the first trading day after the financial results for the year ended 31 December 2010 has been published, to 24 June 2013, being the last trading day (the "Last Trading Day") before the dealing of shares of CFSG on the ex-entitlement basis (the "Review Period"). The historical P/E ratio and P/B ratio of CFSG, on a daily basis, are calculated based on the then latest audited net profit and audited consolidated net asset value attributable to owners of CFSG for the previous financial year and the respective market capitalisation of CFSG with reference to the closing price of the shares of CFSG on that trading day. The following graph illustrates the historical P/E ratio and P/B ratio of CFSG during the Review Period:



Reference: The Stock Exchange

P/E ratio is regarded as the most widely used and accepted method to value a company with recurrent income base. However, given that CFSG recorded losses for the two financial years ended 31 December 2012, the historical P/E ratio of CFSG has not been available since 19 March 2012, being the first trading day after the financial results for the year ended 31 December 2011 has been published. We therefore review the historical P/B ratio of CFSG during the Review Period of which we consider the P/B ratio, a commonly adopted price multiple for asset-based firms, to be an appropriate measure given that the retail management businesses of the Privateco Group is characterized by its asset-intensiveness in terms of current assets like inventory and working capital while for the financial services businesses, its asset-intensiveness is characterized by substantial amount of investment portfolio, clients' assets and the heavily regulated capital requirement. The historical P/B ratio of CFSG ranged from approximately 0.25 times to 2.18 times, with an average of approximately 0.58 times. During the first half of the Review Period, it is noted that the P/E ratio and P/B ratio have been generally in a decreasing trend. The P/B ratio of CFSG was less than one for most of the time during the Review Period and decreased further to a level less than 0.5 times during the second half of the Review Period.

P/B ratio can be interpreted as how much an investor is willing to pay for a dollar of net assets of a company. As shown in the graph above, the shares of CFSG, haven taken both the financial services businesses of CFSG and the Distributed Businesses as a whole, have been valued at a level less than its total net assets for most of the time during the Review Period. The implied P/B ratio of the Privateco Share, at the Privateco Offer Price of HK$0.011 which is approximate to the net asset value per Privateco Shares after the adjustment of the dividend declared and paid on 31 March 2013, would be approximately 1.0 times, which is considerably higher than the valuation of the shares of CFSG with a P/B ratio of approximately 0.39 times as at the Last Trading Day. Also, the comparative ratio of the Privateco Offer Price of HK$0.011 to the closing price of HK$0.09 per share of CFSG on the Last Trading Day, which is approximately 0.122, is higher than the ratio of approximately 0.046 derived from the Privateco Group's unaudited net asset value of approximately HK$42.6 million as at 31 March 2013 to the audited net asset value of the CFSG Group of approximately HK$921.4 million as at 31 December 2012, which align with our P/B ratio analysis and implied that a higher pricing level is offered to the Privateco Shareholders for their investment in Privateco Group with reference to the comparative ratio of net asset value of the Privateco Group to that of CFSG.

Having taken into account of the relatively low P/B ratio of CFSG as at the Latest Practicable Date and during the Review Period, we consider the Privateco Offer, at the Privateco Offer Price of HK$0.011 and an implied P/B ratio of approximately 1.0 times, would provide an opportunity for Privateco Shareholders to realise their investment at a level of valuation that is considerably higher than that at the time when the Privateco Group was still within the CFSG Group as reflected on the historical P/B ratio of CFSG during the Review Period.

(iii) Liquidity of the Privateco Shares

Upon the Distribution Completion, the marketability and liquidity of the Privateco Shares are expected be substantially lower than those of the shares of CFSG given that there are no readily established platform or active market for the Privateco Shareholders to trade their Privateco Shares. Holders of the Privateco Shares may or may not be able to liquidate their respective interests in the Privateco. Even if they are able to do so, the possible trading price of Privateco Shares may subject to marketability discount given the illiquidity of the Privateco Shares. Therefore, the Privateco Offer provides an opportunity for holders of the Privateco Shares to realise their investment in the Privateco without substantial discount to the net asset value regardless of the illiquidity of the Privateco Shares.

Having taken into account that (i) the implied P/B ratio based Privateco Offer Price of HK$0.011 is approximately 1.0 times and is considerably higher than the P/B ratio of CFSG during the Review Period; (ii) the outlook and the future business of the Privateco Group are still subject to a number of uncertainties and hence it is uncertain in the near future; and (iii) the Privateco Offer represents an opportunity for holders of the Privateco Shares to realise their investment in the Privateco given the illiquidity of the Privateco Shares, we are of the view that the Privateco Offer Price is fair and reasonable.

D. RECOMMENDATION

Based on the abovementioned factors and reasons for the Privateco Offer, in particular:

(i) the Privateco Offer Price is the same as the unaudited net asset value of approximately HK0.011 per Privateco Shares as at 31 March 2013;

(ii) the P/B ratio as implied by the Privateco Offer Price is considerably higher than the P/B ratio of CFSG during the Review Period;

(iii) the contingent funding needs from Privateco Shareholders in the future given that the retailing operation of the Privateco Group in the PRC is still in its early investment phase whereby such kind of investment could be capital intensive in nature and the outlook and the future business of the Privateco Group are still subject to a number of challenges and hence it is uncertain in the near future; and

(iv) the Privateco Offer represents an opportunity for Privateco Shareholders to realise their investment since there is no active market for trading the Privateco Shares,

we are of the view that the terms of the Privateco Offer are fair and reasonable so far as the Independent Privateco Shareholders are concerned. Accordingly, we recommend the Independent Privateco Shareholders to accept the Privateco Offer.

The Independent Privateco Shareholders are reminded that their decisions to dispose or hold their investment in the Privateco Shares are subject to their individual circumstances and investment objectives. The Independent Privateco Shareholders should read carefully the procedures for accepting the Privateco Offer as detailed in the Composite Document, the appendices to the Composite Document and the form of acceptance, if they wish to accept the Privateco Offer.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited

Alister Chung
Managing Director