THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Great China Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation of offer to acquire, purchase or subscribe for the Shares or other securities in the Company.

GREAT CHINA HOLDINGS LIMITED
大 中 華 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

(1) VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL OF DATONG GLOBAL HOLDINGS LIMITED AND XINGAO LIMITED

(2) PROPOSED DECLARATION OF FIRST SPECIAL DIVIDEND AND SECOND SPECIAL DIVIDEND

(3) LEASE EXTENSION SPECIAL DEAL AND CONTINUING CONNECTED TRANSACTION AND

(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to Great China Holdings Limited

Investec

Independent financial adviser to the Independent Board Committee and Independent Shareholders

VMS Securities
鼎 珮 證 券

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the content requires otherwise. A letter from the Board is set out on pages 10 to 37 of this circular.

A letter from the Independent Board Committee is set out on page 38 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 39 to 72 of this circular.

A notice convening the EGM to be held at 3:30 p.m. on Tuesday, 31 May 2016, at Falcon Room II, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend and vote at the EGM in person, please complete and return the accompanying form of proxy to the share registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

13 May 2016

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* *including a note on financial information of Disposal Group*

Below is an indicative timetable[1] showing the key dates of the relevant events in relation to the Disposal, First Special Dividend and Second Special Dividend:

Event	Time & Date
	2016
Latest time for lodging transfers of the Shares with the share registrar in order to be qualified for attending and voting at the EGM	4:00 p.m. on Thursday, 26 May
Closure of register of members for determining the entitlements of the Shareholders to attend and vote at the EGM (both dates inclusive)	from Friday, 27 May to Tuesday, 31 May
Latest time and date for lodging forms of proxy for the EGM	3:30 p.m. on Monday, 30 May
Time and date of the EGM	3:30 p.m. on Tuesday, 31 May
Publication of an announcement regarding the poll results of the EGM	Tuesday, 31 May
Assuming all the resolutions proposed at the EGM are passed:	
Last day of dealings in the Shares cum-entitlement to the First Special Dividend and the Second Special Dividend[2]	Wednesday, 1 June
First day of dealings in the Shares ex-entitlement to the First Special Dividend and the Second Special Dividend	Thursday, 2 June
Latest time for lodging transfers of the Shares with the share registrar in order to be qualified for the First Special Dividend and the Second Special Dividend	4:00 p.m. on Friday, 3 June
Closure of register of members for determining the entitlement to the First Special Dividend and the Second Special Dividend	Monday, 6 June
First Record Date and Second Record Date for determining the entitlements of the qualifying Shareholders to the First Special Dividend and the Second Special Dividend	Monday, 6 June
Expected despatch date of the cash cheque for the First Special Dividend to the qualifying Shareholders	Monday, 13 June

Expected date of completion of the Sale and Purchase Agreement and the Disposal Agreement(3)	Wednesday, 15 June
Expected despatch date of the cash cheque for the Second Special Dividend to the qualifying Shareholders	Wednesday, 22 June

Notes:

1. *Dates and deadlines stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate in accordance with applicable regulatory requirements. All times and dates refer to Hong Kong local time.*

   For the sake of clarity, a detailed timetable for the Share Offer will be included in the relevant composite document. Pursuant to the letter from the Executive dated 25 February 2016, the Executive granted consent to extend the deadline for the despatch of the Offer Document to within seven (7) days of the date of the fulfilment of the pre-conditions for the Share Offer, i.e. the Sale and Purchase Completion, or 18 August 2016, i.e. the Sale and Purchase Long Stop Date, whichever is earlier.

2. *The distribution of the First Special Dividend and the Second Special Dividend is subject to the Disposal Completion and the Sale and Purchase Completion.*

3. *Pursuant to the Sale and Purchase Agreement and Disposal Agreement, the respective completion shall take place (i) on the fifth business day following satisfaction or, where applicable, waiver of the respective conditions to the Sale and Purchase Agreement and the Disposal Agreement; or (ii) on such other date as the respective parties under the Sale and Purchase Agreement and the Disposal Agreement may agree in writing.*

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

"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"Amount Due to Remaining Group"	the amount of which the Disposal Group is indebted to the Remaining Group
"Asian Pacific"	Asian Pacific Investment Corporation, a company incorporated in the BVI with limited liability, a controlling shareholder of Fulcrest, is beneficially owned as to approximately 66.62% and 33.38% by Mr. Ho and Mr. Ho Ming Yu, respectively
"Asian Pacific (Panama)"	Asian Pacific Investment Corporation, a company incorporated in Panama with limited liability, is a wholly owned subsidiary of Asian Pacific and owns 50.91% share capital of Fulcrest
"associate"	has the same meaning ascribed to it under the Listing Rules
"Bali Investment"	9.74% of equity interest in CBR Hospitality Pte., Ltd., a company incorporated in the Republic of Singapore, of which its assets primarily consist of investments in three hotel development projects located in the Province of Bali, Indonesia and cash. The valuation report for such hotel development projects together with further information are set out in Appendix IV to this circular. The audited carrying value of the Bali Investment was approximately HK$10.5 million as at 31 December 2015
"Board"	the board of Directors
"Business Day(s)"	a day, other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
"BVI"	the British Virgin Islands
"CCBI"	CCB International Capital Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in respect of the Share Offer
"Company"	Great China Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares are listed on the Main Board of the Stock Exchange with the stock code 141
"connected person"	has the meaning ascribed to it in the Listing Rules

"controlling shareholder"	has the meaning ascribed to it in the Listing Rules
"Directors"	the director(s) of the Company, from time to time
"Disposal"	the disposal of the Disposal Shares and the Disposal Loan by the Company to Disposal Purchaser pursuant to the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 21 January 2016 (as supplemented by the Disposal Supplemental Agreement) entered into between the Company as vendor and the Disposal Purchaser as purchaser in respect of the Disposal
"Disposal Business"	the business carried out by the Disposal Group which is principally engaged in the (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets.
"Disposal Companies"	Datong Global Holdings Limited, a company incorporated in the BVI with limited liability and Xingao Limited, a company incorporated in the BVI with limited liability, each of which is a wholly owned subsidiary of the Company as at the Latest Practicable Date
"Disposal Completion"	the completion of the sale and purchase of the Disposal Shares and the Disposal Loan pursuant to the Disposal Agreement
"Disposal Completion Accounts"	the unaudited combined management accounts of the Disposal Group made up to 31 March 2016;
"Disposal Completion Date"	the date on which the Disposal Completion shall take place, which shall be the same date as the Sale and Purchase Completion Date
"Disposal Condition(s)"	the condition(s) precedent to the Disposal Completion, further details of which are set out in the section headed "B. Disposal Agreement, Disposal Special Deal, Second Special Dividend and Setting-off Arrangement — Conditions precedent to the Disposal Agreement" of this circular
"Disposal Consideration"	the aggregate consideration of HK$887,247,000 (subject to adjustment) for the Disposal Shares and the Disposal Loan pursuant to the Disposal Agreement
"Disposal Group"	the Disposal Companies and Disposal Subsidiaries

"Disposal Group NAV"	the total value of the assets of the Disposal Group (on a combined basis) after netting off the total amount of liabilities of the Disposal Group (on a combined basis)
"Disposal Loan"	approximately HK$205,000,000 being part of the Amount Due to Remaining Group
"Disposal Long Stop Date"	18 August 2016, being the date falling on 210 days after the date of the Disposal Agreement (or such later date as the Company and Disposal Purchaser may agree in writing)
"Disposal Purchaser"	Fulcrest
"Disposal Shares"	one share in each of the Disposal Companies, representing the issued share capital of the Disposal Companies, legally and beneficially owned by the Company as at the Latest Practicable Date, and agreed to be sold under the Disposal Agreement
"Disposal Special Deal"	the Disposal contemplated under the Disposal Agreement which constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code
"Disposal Subsidiaries"	the subsidiaries of the Disposal Companies which operate the Disposal Business
"Disposal Supplemental Agreement"	the supplemental sale and purchase agreement entered into between the Company and Disposal Purchaser on 18 April 2016 to amend certain terms of the Disposal Agreement
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the First Special Dividend, the Second Special Dividend and the Special Deals
"Executive"	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Final Disposal Consideration"	the aggregate of (i) the Disposal Group NAV as shown in the Disposal Completion Accounts for the Disposal Shares; (ii) the fair value adjustment of the Hong Kong Office and the investment of the Group in Bali as at date of Disposal Completion Accounts; and (iii) the Disposal Loan
"First Record Date"	the date for determining the entitlements of the Shareholders to the proposed First Special Dividend which is to be fixed at a date prior to the Sale and Purchase Completion and the Disposal Completion

"First Special Dividend"	the proposed cash dividend of HK$1.223 per Share, payable to the qualifying Shareholders whose names are registered on the register of members of the Company on the First Record Date
"Fulcrest"	Fulcrest Limited, a company incorporated in Hong Kong with limited liability, which is owned as to approximately 50.91% by Asian Pacific (Panama), and as to approximately 49.09% by KFH, and holds 138,347,288 Shares, representing approximately 52.87% of the issued share capital of the Company as at the Latest Practicable Date
"Group"	the Company and its subsidiaries
"Group Reorganisation"	the group reorganisation of the Group to facilitate the Disposal
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Office"	the property situated at Unit D, 26/F, United Centre, No. 95 Queensway, Hong Kong
"Independent Board Committee"	the independent committee of the Board comprising all three independent non-executive Directors, namely Mr. Yu Kam Kee Lawrence, Mr. Yu Hon To, David and Mr. Wu Hsu Chou, which has been established by the Company to make recommendations to (i) the Independent Shareholders as to whether each of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement and the Lease Agreement is fair and reasonable and as to voting; and (ii) the Share Offer Shareholders in respect of whether the Share Offer, is, or is not, fair and reasonable and as to acceptance
"Independent Financial Adviser"	VMS Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (assets management) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee to make recommendation to (i) the Independent Shareholders as to whether the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement and the Leasing Agreement are fair and reasonable and as to voting; and (ii) the Share Offer Shareholders in respect of whether the Share Offer, is, or is not, fair and reasonable and as to acceptance

"Independent Shareholders"	for the purpose of approving the Special Deals under Rule 25 of the Takeovers Code, the First Special Dividend and the Second Special Dividend, the Sale and Purchase Agreement and connected transaction, continuing connected transaction under the Listing Rules, Shareholders other than (i) the Selling Shareholder its concert parties, its connected persons and its respective associates within the meaning of the Listing Rules; (ii) the Offeror and its associates and their respective concert parties, if the Offeror and/or its associates and their respective concert parties shall have any shareholding interest in the Company; and (iii) Shareholders who are interested in or involved in the Disposal Agreement, the Sale and Purchase Agreement, the Second Special Dividend, the Setting-off Arrangement and the Lease Agreement and the Group Reorganisation
"Investec"	Investec Capital Asia Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (assets management) regulated activities under the SFO, being the financial adviser to the Company
"Joint Announcement"	the announcement dated 4 February 2016 jointly issued by the Company and the Offeror in relation to, among others, the Sale and Purchase Agreement, the Disposal Agreement, the First Special Dividend and Second Special Dividend, the Lease Agreement and the Share Offer
"KFH"	Kwong Fong Holdings Limited, a limited liability company incorporated in BVI, which is a wholly owned subsidiary of KFI and owns 49.09% of the issued share capital of Fulcrest
"KFI"	Kwong Fong Industries Corporation, a limited liability company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation, the principal activities of which include manufacturing and sale of textile products as well as real estate development. Based on information available, Mr. Ho together with other members of Mr. Ho's family are the single largest group of shareholders of KFI as at the Latest Practicable Date
"Last Trading Day"	21 January 2016, being the last trading day for the Shares prior to the suspension in the trading of the Shares on the Stock Exchange pending the publication of the Joint Announcement

"Latest Practicable Date"	11 May 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Lease Agreement"	the Lease Agreement dated 21 January 2016 entered into between a wholly-owned subsidiary the Company as lessor and a wholly-owned subsidiary of the Disposal Group as lessee in respect of the Lease Extension
"Lease Extension"	the lease of the Shanghai Property contemplated under the Lease Agreement for a period of six months commencing from the Disposal Completion Date
"Lease Extension Special Deal"	the Lease Extension contemplated under the Lease Agreement which constitutes a special deal for the Company under Rule 25 of the Takeovers Code
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Ho"	Mr. Ho, John Ming Tak, the Managing Director and an executive Director of the Company. Mr. Ho is a director of Fulcrest and Asian Pacific, and the younger brother of Mr. Ho Ming Yu
"Mr. Ho Ming Yu"	the late Mr. Ho Ming Yu Rustom was the Chairman and an executive Director of the Company, and a director of Fulcrest, the elder brother of Mr. Ho
"Ms. Ho"	Ms. Ho Yu Gia, being the non-executive Director of the Company, is the daughter of Mr. Ho Ming Yu and a niece of Mr. Ho
"Offer Document"	the offer and response document (in either composite or separate form) together with the form of acceptance and transfer to be despatched to the Shareholders pursuant to the Share Offer
"Offer Period"	has the meaning given to it in the Takeovers Code
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offeror" or "Purchaser"	Hopevision Group Ltd., an investment holding company incorporated in the Republic of Seychelles
"Overseas Shareholders"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong

"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Properties"	the properties owned by the Group in the PRC
"Relevant Period"	the period from 1 September 2015, being the start date of the six month period preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
"Remaining Business"	the business to be carried on by the Remaining Group after the Disposal Completion, which principally involves (i) the leasing of properties in the PRC; and (ii) the trading of properties
"Remaining Group"	the Group (excluding the Disposal Group) immediately after the Disposal Completion
"Remaining Subsidiaries"	the remaining subsidiaries of the Company which include all existing subsidiaries of the Company other than the Disposal Group as at the Latest Practicable Date
"Resolutions"	all resolutions required under the relevant laws and regulations to effect the Sale and Purchase Agreement, the First Special Dividend, the Second Special Dividend and the Special Deals to be voted on by the Independent Shareholders at the EGM
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 21 January 2016 (as supplemented by the Sale and Purchase Supplemental Agreement) entered into between the Selling Shareholder and the Purchaser in respect of the Sale Shares
"Sale and Purchase Completion"	the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
"Sale and Purchase Completion Date"	the date on which the Sale and Purchase Completion shall take place, which shall be on the fifth Business Day following satisfaction or (where appropriate) waiver of the Sale and Purchase Conditions, or such other date as the Selling Shareholder and the Purchaser may agree in writing
"Sale and Purchase Condition(s)"	the condition(s) precedent to the Sale and Purchase Completion, further details of which are set out in the section headed "A. Sale and Purchase Agreement — Conditions precedent to the Sale and Purchase Agreement" of this circular
"Sale and Purchase Long Stop Date"	18 August 2016

"Sale Shares"	an aggregate of 138,347,288 Shares, legally and beneficially owned by the Selling Shareholder and agreed to be sold under the Sale and Purchase Agreement
"Sale and Purchase Supplemental Agreement"	the supplemental sale and purchase agreement entered into among the Selling Shareholder the Purchaser and the Guarantor on 18 April 2016 to amend certain terms of the Sale and Purchase Agreement
"Second Record Date"	the date for determining the entitlements of the Shareholders to the proposed Second Special Dividend which is to be fixed at a date prior to the Sale and Purchase Completion and the Disposal Completion
"Second Special Dividend"	the proposed dividend in the amount of HK$3.085 per Share to be declared and distributed to the qualifying Shareholders whose names are registered on the register of members of the Company on the Second Record Date as a Disposal Condition precedent to the Disposal Completion
"Selling Shareholder"	Fulcrest, holding in aggregate 138,347,288 Shares (representing approximately 52.87% of the existing issued capital of the Company) as at the Latest Practicable Date
"Setting-off Arrangement"	the settlement of any money payable by the Remaining Group to the Disposal Purchaser (i.e. Second Special Dividend) by way of setting-off all indebtedness owed to the Remaining Group by the Disposal Purchaser (i.e. the Disposal Loan) upon Disposal Completion and which constitutes a special deal for the Company under Rule 25 of the Takeovers Code
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shanghai Property"	Units 6D and 6E, Merry Tower, No. 168 Zhenning Road, Jingan District, Shanghai, the PRC
"Shanghai Zenith"	Shanghai Zenith Trading Company Limited* (上海澤尼貿易有限公司), a wholly-owned subsidiary of the Disposal Group as at the Latest Practicable Date
"Shareholder(s)"	holder(s) of Shares
"Share Offer"	the possible unconditional mandatory cash general offer to be made by CCBI on behalf of the Offeror for all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code

"Share Offer Completion"	the completion of the Share Offer
"Share Offer Price"	the price at which the Share Offer will be made, being HK$3.998 per Share
"Share Offer Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Shares"	the ordinary shares of no par value in the issued share capital of the Company
"Special Deals"	the Disposal Special Deal, the Setting-off Arrangement and the Lease Extension Special Deal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	the Disposal Supplemental Agreement and the Sale and Purchase Supplemental Agreement
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Trading Day"	a day on which the Stock Exchange is open for trading in Hong Kong
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

GREAT CHINA HOLDINGS LIMITED
大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

Executive Directors:
Mr. John Ming Tak HO *(Managing Director)*
Mr. Patrick Kwok Wai POON
Mr. Maung Tun MYINT

Non-executive Director:
Ms. Yu Gia HO

Independent non-executive Directors:
Mr. Lawrence Kam Kee YU *BBS, MBE, JP*
Mr. David Hon To YU
Mr. Hsu Chou WU

Registered office and Head Office:
Unit D, 26/F
United Centre
No. 95 Queensway
Hong Kong

13 May 2016

To the Shareholders

Dear Sir/Madam,

(1) VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL OF DATONG GLOBAL HOLDINGS LIMITED AND XINGAO LIMITED

(2) PROPOSED DECLARATION OF FIRST SPECIAL DIVIDEND AND SECOND SPECIAL DIVIDEND

(3) LEASE EXTENSION SPECIAL DEAL AND CONTINUING CONNECTED TRANSACTION AND

(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

A. INTRODUCTION

In the Joint Announcement dated 4 February 2016 and a subsequent joint announcement dated 18 April 2016 issued by the Company and the Offeror, the Company and the Offeror jointly announced that:

(i) on 21 January 2016, the Selling Shareholder and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Selling Shareholder conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 52.87% of the then existing issued share capital of the Company as at the date of the Joint Announcement;

(ii) on 21 January 2016, the Company and the Disposal Purchaser entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell and the Disposal Purchaser conditionally agreed to purchase the Disposal Shares and the Disposal Loan for a consideration of HK$942,247,000 (subject to adjustment);

(iii) on 21 January 2016, Shanghai Zenith, a wholly-owned subsidiary of the Disposal Group as at the Latest Practicable Date, entered into the Lease Agreement with a member of the Remaining Group for the lease of Shanghai Property for a period of six months commencing from the Disposal Completion Date for a monthly rent of RMB27,400, which was determined with reference to the prevailing market rent of similar property in Shanghai; and

(iv) on 18 April 2016, (a) the Selling Shareholder, the Purchaser and the Guarantor entered into the Sale and Purchase Supplemental Agreement to amend certain terms of the Sale and Purchase Agreement; and (b) the Company and the Disposal Purchaser entered into the Disposal Supplemental Agreement to amend certain terms of the Disposal Agreement. Pursuant to the Supplemental Agreements, the amount of the Disposal Loan has been amended to approximately HK$205.0 million. Correspondingly, the amount of the Disposal Consideration is amended and shall be HK$887,247,000 (subject to adjustment). Pursuant to the Supplemental Agreements, save for the aforementioned amendments and the corresponding and consequential changes, all other terms and conditions of the Disposal Agreement and Sale and Purchase Agreement shall remain unchanged and continue in full force and effect.

The purpose of this circular is to provide you with details of, among others, (i) the Sale and Purchase Agreement; (ii) the Disposal Agreement, the Disposal Special Deal, Second Special Dividend and the Setting-off Arrangement; (iii) the Lease Agreement, the Lease Extension Special Deal and continuing connected transaction and other matters including the First Special Dividend; (iv) a letter of recommendation of the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (vi) the financial information of the Group and the Disposal Group; (vii) the pro forma financial information of the Remaining Group upon Disposal Completion; and (viii) a notice of the EGM.

B. SALE AND PURCHASE AGREEMENT

Date: 21 January 2016 (as supplemented by the Sale and Purchase Supplemental Agreement dated 18 April 2016)

Parties:

Vendor: the Selling Shareholder, namely, Fulcrest, holding in aggregate 138,347,288 Shares (representing approximately 52.87% of the existing issued capital of the Company) as at the Latest Practicable Date

Purchaser: Hopevision Group Ltd. For further information, please refer to the section headed "G. Information on the Offeror"

Guarantor: Mr. Ho

Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Selling Shareholder conditionally agreed to sell the Sale Shares and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 52.87% of the existing issued share capital of the Company, for a consideration of HK$552,998,120 (equivalent to approximately HK$3.998 per Sale Share), free from all encumbrances and with all rights attached to the Sale Shares (save for the First Special Dividend and Second Special Dividend, which will be declared and paid to Shareholders whose names appear on the register of members of the Company on the First Record Date and Second Record Date falling before the Sale and Purchase Completion, respectively).

The Offeror has confirmed that immediately before entering into of the Sale and Purchase Agreement, it and its beneficial owners are third parties independent of the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Offeror, its ultimate beneficial owners and parties acting in concert with any of them is a third party independent of and not connected with the Company and the Company's connected persons.

Consideration for the Sale Shares under Sale and Purchase Agreement

The consideration for the Sale Shares is HK$552,998,120, equivalent to approximately HK$3.998 per Sale Share (the "**Consideration per Sale Share**"), which was determined after arm's length negotiations between the Purchaser and the Selling Shareholder.

The consideration shall be satisfied by the Purchaser in the following manners:

(i) upon signing of the Sale and Purchase Agreement, the Purchaser paid to the Selling Shareholder a deposit of HK$30,000,000 (the "**Deposit**"); and

(ii) on Sale and Purchase Completion, simultaneously upon the performance of its obligations in respect of the Sale and Purchase Completion by the Selling Shareholder, the Purchaser shall pay the remaining balance of HK$522,998,120 by way of telegraphic transfer.

Conditions precedent to the Sale and Purchase Agreement

The Sale and Purchase Completion is conditional upon of the following conditions being satisfied (or, where applicable, waived by the Purchaser) on or before 5:00 p.m. on the Sale and Purchase Long Stop Date:

(i) the passing of the requisite resolution(s) by the Independent Shareholders at a general meeting approving the transactions contemplated under the Sale and Purchase Agreement and, where applicable, the Disposal Agreement, the Setting-off Arrangement, the Lease Agreement, the First Special Dividend and the Second Special Dividend in accordance with the requirements under the constitutional documents of the Company, the Listing Rules and the Takeovers Code;

(ii) the consent of the Executive in relation to the Disposal Agreement, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder as a special deal under Rule 25 of the Takeovers Code having been obtained, and any condition for the giving of such consent having been fulfilled, and such consent not having been revoked prior to completion of the Disposal Agreement, the Setting-off Arrangement and the commencement of the Lease Agreement (i.e. the Disposal Completion Date);

(iii) the conditions precedent under the Disposal Agreement and the Lease Agreement having been fulfilled or waived (save for the condition requiring the Sale and Purchase Agreement to become unconditional) and the completion of the Disposal Agreement and the commencement of the Lease Agreement (i.e. the Disposal Completion Date) taking place in accordance with its terms simultaneously with the Sale and Purchase Completion;

(iv) the listing status of the Company on the Stock Exchange not having been revoked or withdrawn at any time prior to Completion, the Shares continuing to be traded on the Stock Exchange at any time prior to the Completion (save for (i) any temporary suspension for no longer than 10 consecutive trading days or such other period as the Purchaser may agree in writing or the temporary suspension in connection with transactions contemplated under the Sale and Purchase Agreement including, without limitation, the Disposal Agreement and the Lease Agreement; and (ii) any temporary suspension for no longer than 4 consecutive trading days not in connection with transactions contemplated under the Sale and Purchase Agreement, such contemplated transactions shall include, without limitation to, the Disposal Agreement and the Lease Agreement) and there being no indication from the Stock Exchange or the Executive that the listing status of the Company will be suspended, cancelled, revoked or withdrawn at any time after the Completion as a result of the transactions contemplated under the Sale and Purchase Agreement, the Disposal Agreement and the Lease Agreement;

(v) no obligation (including but not limited to trading halt and/or suspension of trading of the Shares) on the Company concerning sufficiency of operations or assets and/or cash company issue under all relevant Listing Rules (including but not limited to Rules 13.24 and 14.82 of the Listing Rules) having been triggered or decided by the Stock Exchange or the SFC which is unable to be resolved by the Company absolutely to the satisfaction of the Stock Exchange or the SFC prior to the Sale and Purchase Long Stop Date, and neither the Stock Exchange nor the SFC having indicated that either one of them will object to, suspend, cancel, revoke, withdraw or otherwise have any concerns about the continued listing of the Shares for reasons relating to or arising from the transaction contemplated under the Sale and Purchase Agreement, the Disposal Agreement and the Lease Agreement including but not limited to Rules 13.24 and 14.82 of the Listing Rules;

(vi) the waiver of the Executive to waive the requirement of the Company to obtain shareholders' approval in the general meeting in relation to the First Special Dividend as a frustrating action under Rule 4 of the Takeovers Code having been granted, and any condition for the giving of such waiver having been fulfilled, and such waiver not having been revoked prior to completion of the Sale and Purchase Agreement;

(vii) the waiver of the Executive to waive the requirement of the Company to obtain shareholders' approval in the general meeting in relation to the Second Special Dividend as a frustrating action under Rule 4 of the Takeovers Code having been granted, and any condition for the giving of such waiver having been fulfilled, and such waiver not having been revoked prior to completion of the Sale and Purchase Agreement;

(viii) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority, regulatory body or other third party necessary for the consummation of the transactions contemplated in the Sale and Purchase Agreement having been obtained on terms reasonably acceptable to the Purchaser by the Selling Shareholder and the Company and remaining in full force and effect;

(ix) all relevant consents and approvals from third parties as may be necessary in conjunction with the proposed change in shareholding of the Company having been obtained and remaining in full force and effect so as to ensure that the Remaining Group maintains all its existing contractual and other rights in their current state following Sale and Purchase Completion;

(x) the Stock Exchange and the Executive advising that they have no further comment on the Joint Announcement to be released in connection with the transactions contemplated under the Sale and Purchase Agreement and the publication of the Joint Announcement on the Stock Exchange's website;

(xi) the warranties, representations and/or undertakings given by the Selling Shareholder and the Purchaser in the Sale and Purchase Agreement remaining true and accurate in any material respect and not misleading as given as at the date of the Sale and Purchase Agreement and as at Sale and Purchase Completion;

(xii) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on the business, operations, prospects or financial condition, or a material portion of the properties or assets, of the Remaining Group Companies as a whole;

(xiii) there being no applicable law which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated under the Sale and Purchase Agreement; and

(xiv) all indebtedness owned by the Disposal Companies to the Remaining Group (and vice versa) having been repaid (save for those indebtedness owed to the Remaining Group by the Disposal Companies to be novated to the Selling Shareholder at or before Sale and Purchase Completion) and all guarantees, pledges, indemnities and other securities provided by the Remaining Group to secure any indebtedness or liabilities of the Disposal Companies (and vice versa) and all facilities where borrowers comprise both the Disposal Company(ies) and member(s) of the Remaining Group having been fully, absolutely and unconditionally discharged, released or terminated.

The Purchaser will use all reasonable endeavours (so far as it lies within its powers) to procure the satisfaction of the Sale and Purchase Condition (x) and (xi) and the Selling Shareholder will use all reasonable endeavours (so far as it lies within its powers) to procure the satisfaction of the above conditions (i) to (xiv), as soon as reasonably practicable and in any event before the Sale and Purchase Long Stop Date and the Purchaser or the Selling Shareholder will promptly notify the Selling Shareholder or the Purchaser (as the case may be) when the relevant condition(s) has/have been satisfied.

If the Purchaser fails to use all reasonable endeavours (so far as it lies within its powers) to procure the satisfaction of the Sale and Purchase Condition (x) and (xi), the Selling Shareholder shall be entitled to, as liquidated damages but not as penalty, forfeit the Deposit, whereupon the Purchaser shall not have any obligations nor liabilities to the Selling Shareholder.

If the Selling Shareholder fails to use all reasonable endeavours (so far as it lies within its powers) to procure the satisfaction of the Sale and Purchase Conditions (i) to (xiv), the Selling Shareholder shall return the Deposit to the Purchaser and further pay a sum of HK$30,000,000 to the Purchaser as liquidated damages but not as penalty, whereupon the Selling Shareholder shall not have any obligations nor liabilities to the Purchaser.

In addition, the Selling Shareholder acknowledges and agrees that the Remaining Group shall be able to settle any money payable by the Remaining Group to the Selling Shareholder (i.e. the Second Special Dividend) by way of setting-off all indebtedness (i.e. the Disposal Loan) owed to the Remaining Group by the Selling Shareholder upon Disposal Completion (i.e. the Setting-off Arrangement). For further details including relevant Takeovers Code implications, please refer to paragraph headed "Second Special Dividend" in this circular below.

The Purchaser may, to such extent as it thinks fit and is legally entitled to do so, at any time waive in writing any of the Sale and Purchase Conditions (iv), (viii) to (ix), (xi) to (xii) and (xiv) on such terms as it may decide.

If any of the Sale and Purchase Conditions (which have not previously been waived by the Purchaser) have not been satisfied on or before the Sale and Purchase Long Stop Date, the Purchaser may on that date, at its option (but without prejudice to any other right or remedy it may have), by notice to the Selling Shareholder:

(a) waive the Sale and Purchase Conditions (other than the Sale and Purchase Condition (i) to (iii), (v) to (vii), (x) and (xiii)) which have not been satisfied; or

(b) terminate the Sale and Purchase Agreement.

As at the Latest Practicable Date, save for Sale and Purchase Conditions (x) which had been fulfilled, none of the above Sale and Purchase Condition had been satisfied.

Sale and Purchase Completion

The Sale and Purchase Completion shall take place on the fifth Business Day following satisfaction or (where applicable) waiver of the Sale and Purchase Conditions, or such other date as the Selling Shareholder and the Purchaser may agree in writing. It shall take place simultaneously with the Disposal Completion and the Lease Agreement on or before the Sale and Purchase Long Stop Date.

Guarantee

Pursuant to the Sale and Purchase Agreement, Mr. Ho as the Selling Shareholder's guarantor has unconditionally and irrevocably guaranteed to the Purchaser (subject to limitations as set out in the Sale and Purchase Agreement):

(i) the performance of the Selling Shareholder's obligations in accordance with the Sale and Purchase Agreement; and

(ii) that he shall pay, on demand, a sum not exceeding HK$300,000,000 in accordance with the Sale and Purchase Agreement.

Selling Shareholder's undertaking

The Selling Shareholder undertakes to procure KFH, KFI, spouse of Mr. Ho and daughter of Mr. Ho to accept the Share Offer.

C. DISPOSAL AGREEMENT, DISPOSAL SPECIAL DEAL, SECOND SPECIAL DIVIDEND AND SETTING-OFF ARRANGEMENT

THE DISPOSAL AGREEMENT

Date:	21 January 2016 (as supplemented by the Disposal Supplemental Agreement dated 18 April 2016)
Parties:	
Vendor:	the Company, being the ultimate beneficial owner of the Disposal Companies
Purchaser:	Fulcrest, a company incorporated in Hong Kong with limited liability

As at the Latest Practicable Date, the Disposal Companies are wholly-owned subsidiaries of the Company. The Disposal Purchaser is owned as to (i) approximately 50.91% by Asian Pacific (Panama), being a wholly-owned subsidiary of Asian Pacific, which is beneficially owned as to approximately 66.62% and 33.38% by Mr. Ho and Mr. Ho Ming Yu, respectively; and (ii) approximately 49.09% by KFH, being a wholly-owned subsidiary of KFI, which is a company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation, as at the Latest Practicable Date. Mr. Ho together with other members of Mr. Ho's family, being Mr. Ho Ming Yu (elder brother of Mr. Ho), Mr. Ho Ming King (elder brother of Mr. Ho) and Mr. Ho Ming Hong (younger brother of Mr. Ho) are the single largest group of shareholders of KFI, beneficially interested in aggregate of approximately 34% of the issued share capital of KFI as at the Latest Practicable Date.

Disposal Purchaser is the controlling shareholder of the Company. As such, the Disposal Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

The Disposal also constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code.

Subject of the Disposal Agreement

Pursuant to the Disposal Agreement, the Company conditionally agreed to sell and the Disposal Purchaser conditionally agreed to purchase the Disposal Shares and the Disposal Loan for a consideration of HK$887,247,000 (subject to adjustment), which is determined with reference to (i) the Disposal Group NAV as at 30 June 2015; (ii) the Disposal Loan; and (iii) the adjustment to reflect the fair value of the Hong Kong Office.

As at the Latest Practicable Date, the principal assets of the Disposal Group include (i) certain shop units located in Causeway Bay, Mongkok and Tsim Sha Tsui, certain residential property units in Tsim Sha Tsui and Wai Chai, an office property unit in Admiralty, as well as car parking space in Sheung Wan (together the "**Hong Kong Properties**"); (ii) inventories such as fishmeal; and (iii) certain financial assets.

Upon the Disposal Completion, the Disposal Group will be wholly owned by the Disposal Purchaser and cease to be subsidiaries of the Company.

Detailed composition of the net asset value of the Disposal Group by segment based on financial information as of 31 December 2015 are set out below:

	HK$'000
Disposal Group's net asset value as of 31 December 2015	
— Trading of fishmeal net asset value as at 31 December 2015	HK$184,317
— Property investment net asset value as at 31 December 2015	HK$382,965
— Investment and other net asset value as at 31 December 2015	HK$28,240
— Agency services net liability value as at 31 December 2015	(HK$11,268)

Final Disposal Consideration for the Disposal under the Disposal Agreement

The Disposal Consideration is subject to the adjustments pursuant to (i) the fair value adjustment of the Hong Kong Office based on valuation report by an independent valuer, and the Bali Investment based on valuation report by an independent valuer as at the date of the Disposal Completion Accounts, details of which are set out in Appendix IV to this circular; and (ii) the Disposal Group NAV as shown in the Disposal Completion Accounts, and was determined with reference to, among others, the unaudited carrying amount of the Disposal Loan as at 31 March 2016, the unaudited net asset value of the Disposal Group as at 31 March 2016 including, among others, the Hong Kong Office and the Bali Investment.

The Final Disposal Consideration, based on (i) the fair value adjustment of the Hong Kong Office of approximately HK$49.4 million, and the Bali Investment of approximately HK$0.2 million as at 31 March 2016; (ii) the Disposal Group NAV as at 31 March 2016; and (iii) the Disposal Loan as at 31 March 2016, is calculated to be approximately HK$797,967,000.

The Final Disposal Consideration shall be satisfied in the following manner:

(i) the Disposal Group NAV as shown in the Disposal Completion Accounts and the fair value adjustment of the Hong Kong Office, and the investment of the Group in Bali being the final consideration amount for the Disposal Shares shall be settled by way of cheque/cashier order payable to and drawn in favour of the Company/telegraphic transfer to the Company's designated account; and

(ii) the distribution amount of Second Special Dividend as entitled by the Disposal Purchaser as dividend receivable shall be applied to set-off the Disposal Loan on a dollar-for-dollar basis. Alternatively, the Disposal Loan shall be settled by cheque drawn in favour of the Company/telegraphic transfer to the Company's designated account.

For the avoidance of doubt, in the event that Independent Shareholders do not approve the resolution for the Second Special Dividend, the Disposal Agreement will lapse.

The Final Consideration for (i) the disposal of the Disposal Shares shall be settled in full in cash by the Purchaser on Disposal Completion Date, which is expected to be in or around mid-June 2016; and (ii) the Second Special Dividend as entitled by the Disposal Purchaser as dividend receivable shall be applied to set-off the Disposal Loan on a dollar-for-dollar basis. Based on the Second Special Dividend receivable by the Disposal Purchaser of approximately HK$426.8 million (based on a Second Special Dividend of HK$3.085 per Share) and the Disposal Loan of approximately HK$205.0 million, the amount of Second Special Dividend receivable by the Disposal Purchaser is sufficient to set-off the Disposal Loan in full.

Conditions precedent to the Disposal Agreement

The Disposal Completion is conditional upon the following conditions being satisfied on (or, where applicable, waived by the Disposal Purchaser) on or before 5:00 p.m. on the Disposal Long Stop Date:

(i) the consent of the Executive having been obtained to proceed with the Disposal in accordance with Note 4 to Rule 25 of the Takeovers Code and the Lease Agreement and the Setting-off Arrangement in accordance with Rule 25 of the Takeovers Code and as required under the Listing Rules and such consent has not been revoked prior to Disposal Completion;

(ii) the waiver of the Executive to waive the requirement of the Company to obtain shareholders' approval in the general meeting in relation to the First Special Dividend as a frustrating action under Rule 4 of the Takeovers Code having been granted, and any condition for the giving of such waiver having been fulfilled, and such waiver not having been revoked prior to Disposal Completion;

(iii) the waiver of the Executive to waive the requirement of the Company to obtain shareholders' approval in the general meeting in relation to the Second Special Dividend as a frustrating action under Rule 4 of the Takeovers Code having been granted, and any condition for the giving of such waiver having been fulfilled, and such waiver not having been revoked prior to Disposal Completion;

(iv) the completion of Group Reorganisation;

(v) the passing of the necessary resolutions by the Independent Shareholders at the EGM approving (a) the execution, the delivery and performance of the Disposal Agreement; (b) the Setting-off Arrangement; (c) the Lease Agreement; and (d) the proposed distribution of First Special Dividend and Second Special Dividend in accordance with the constitutional documents of the Company and the requirements of the Listing Rules and the Takeovers Code;

(vi) no indication being given by the Stock Exchange or the SFC prior to the Disposal Completion that the listing of the Shares may be revoked or withdrawn;

(vii) no notice, government action, court order or legal proceedings of any court arbitrator, authority, statutory or regulatory body having been taken making the Disposal unlawful;

(viii) the conditions precedent under the Sale and Purchase Agreement and the Lease Agreement having been fulfilled or waived (save for the condition requiring the Disposal Agreement to become unconditional) and the completion of the Sale and Purchase Agreement and commencement of the Lease Agreement taking place in accordance with its terms simultaneously with the Disposal Completion;

(ix) the Stock Exchange and the Executive advising that they have no further comment on the Joint Announcement to be released in connection with the transactions contemplated under the Disposal Agreement and the publication of the said Joint Announcement on the Stock Exchange's website;

(x) all necessary consents in relation to the transfer of the Disposal Shares and the Disposal Loan having been granted or obtained by third parties (including financial institutions which provide loan facilities to the Disposal Group), if any;

(xi) the Disposal Purchaser's warranties remaining true and accurate in all material respects and not misleading in any material respects as of Disposal Completion; and

(xii) the repayment in full of the Amount Due to Remaining Group less the Disposal Loan to the Remaining Group.

The Disposal Purchaser may, to the extent as it thinks fit and is legally entitled to do so, at any time in writing waive any of the Disposal Condition (iv), (xi) and (xii) on such terms as it may decide.

If any of the Disposal Conditions have not been fulfilled or waived in accordance with the Disposal Agreement on or before the Disposal Long Stop Date, then the Disposal Agreement shall be terminated and neither party to the Disposal Agreement shall have any claim against or liability or obligation (including professional fees) to the other under the Disposal Agreement save for antecedent breaches.

As at the Latest Practicable Date, save for Disposal Conditions (iv) and (ix) which had been fulfilled, none of the above Disposal Conditions had been satisfied.

Disposal Completion

Upon fulfilment (or as appropriate, waiver) of all the Disposal Conditions, the Disposal Completion shall take place on the Disposal Completion Date. The parties agree that the Disposal Completion and the Sale and Purchase Completion shall take place contemporaneously.

Information on the Disposal Group and the Disposal Business

The Disposal Companies, namely Datong Global Holdings Limited and Xingao Limited, are direct wholly-owned subsidiaries of the Company prior to the Disposal Completion. Upon the Disposal Completion, the Disposal Group will continue operating the Disposal Business which primarily engage in the (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets.

As set out in Appendix II to this circular, the audited combined total equity of the Disposal Group as at 31 December 2015 was approximately HK$584.3 million. The consideration for the Disposal Shares of approximately HK$682.2 million (subject to adjustment) represents a premium of approximately HK$97.9 million compared to the audited combined total equity of the Disposal Group. The audited combined profit of the Disposal Group for the two years ended 31 December 2015 is summarised below:

	For the years ended 31 December	
	2014	**2015**
	(Audited)	**(Audited)**
	(HK$ million, approximately)	*(HK$ million, approximately)*
Profit/(Loss) before income tax	78.1	(33.2)
Profit/(Loss) for the year	75.1	(35.5)

Please refer to Appendix II for further financial information of the Disposal Group.

Information on the Remaining Group and the Remaining Business

Following the Disposal Completion, the Remaining Group will continue operating the Remaining Business which principally involves property investment business in Shanghai and sales of properties business in Shanghai and Hainan Province of the PRC.

Assets of the Remaining Group

The Remaining Group has residential and retail property units, car parking spaces located in Shanghai, the PRC and a residential property unit in Hainan, the PRC (i.e. the PRC Properties). As at 31 December 2015, the PRC Properties has a gross floor area of not less than 16,000 sq.m. and the PRC Properties contributed an average monthly rental income of not less than RMB1.5 million during the year ended 31 December 2015.

As at 31 December 2015, the PRC Properties were classified into investment property, property held for sale or property, plant and equipment in the audited financial statements of the Group. As at the Latest Practicable Date, most of the PRC Properties were being leased out for rental income, a small number of which were awaiting to be leased out, a residential unit in Hainan and certain residential units in Shanghai were held for sale and the Shanghai Property was being used as one of the Group's offices. Further details of the PRC Properties, including the respective description of the PRC Properties, their market valuation, the respective lease information as at 31 March 2016 and other additional information, are set out in the valuation report for PRC Properties in Appendix IV to this Circular. Further information on the Remaining Group's business are set out under paragraph headed "6. Management Discussion and Analysis" in Appendix I to this Circular.

Notwithstanding that the last property sale conducted by the Group was in 2008, the Group has a number of properties designated as "held for sale" on its financial statements. Furthermore, the Group has received enquiries in relation to possible sale of a number of these "held for sale" properties from time to time.

Based on the information of the PRC Properties and the Remaining Group, the Board is of the view that the Remaining Group would have sufficient level of operations or assets of sufficient value to warrant the continued listing of its securities, with due compliance with Rule 13.24 of the Listing Rules.

Upon the Disposal Completion and Sale and Purchase Completion, the Offeror intends to continue the existing operations of property investment of the Remaining Group and to focus on investment of commercial properties in cities of the PRC and acquire good quality properties in such cities as and when opportunities arise. As at the Latest Practicable Date, the Offeror has no plans to acquire any assets or businesses into the Remaining Group, or for the Remaining Group to engage in development of property projects. Neither has the Offeror identified any potential business opportunities to be taken up by the Remaining Group. Currently there is no intention on the part of the Offeror to scale down or dispose of any business of the Remaining Group. As at the Latest Practicable Date, the Company has not entered into any agreement, arrangement, understanding or undertaking, and negotiation (whether concluded or not) to dispose the Remaining Business of the Remaining Group and that the Company has no intention to dispose of its Remaining Business of the Remaining Group.

The financial information on the Remaining Group, including the pro forma financial information of the Remaining Group, is set out in the Appendix III to this circular.

Information on the Disposal Purchaser

Disposal Purchaser is a company incorporated in Hong Kong with limited liability, principally engaged in investment holding. The issued share capital of the Disposal Purchaser is owned as to approximately 50.91% by Asian Pacific (Panama) and as to approximately 49.09% by KFH.

The respective principal activity of Asian Pacific (Panama) and KFH is investment holding.

Reason for and benefits of the Disposal

Pursuant to the Sale and Purchase Agreement, it is conditionally agreed between the Selling Shareholder and the Offeror that the Disposal Group shall be disposed of by the Company to the Disposal Purchaser so that it will no longer be part of the Remaining Group after the Disposal Completion and the Sale and Purchase Completion.

The Disposal Completion shall take place contemporaneously with the Sale and Purchase Completion. The main reason for separating the Disposal Business and the Remaining Business through the Group Reorganisation is that, during the negotiations between the parties to the Sale and Purchase Agreement, the Offeror has expressed its intention to retain the Remaining Business and to dispose of the Disposal Business while Fulcrest has expressed its intention to retain the Disposal Business. Through the Group Reorganisation, certain new companies have been established and a series of share transfers have been effected to ensure that on or before the Disposal Completion and the Sale and Purchase Completion (i) the Group holds the Remaining Business; and (ii) the Disposal Group holds the Disposal Business through Datong Global Holdings Limited and Xingao Limited (i.e. the Disposal Companies). As at the Latest Practical Date, the Group Reorganisation has been completed.

The Group Reorganisation and the Second Special Dividend are pre-conditions for the Disposal Completion.

Having considered the above, the Board (excluding the Independent Board Committee, the opinion of which is included in the Letter from the Independent Board Committee) considers that the Disposal will facilitate the Sale and Purchase Completion and, accordingly, the possible Share Offer to be made the Share Offer Shareholders.

The First Special Dividend, the Second Special Dividend and the Share Offer will provide an opportunity for the other Shareholders to realise their investment in the Company at a combined price of HK$8.306 per Share (being the sum of the First Special Dividend per Share of HK$1.223, Second Special Dividend per Share of HK$3.085 and the Share Offer Price of HK$3.998 per Offer Share), which represents a premium of approximately 21.3% over the last closing price of HK$6.85 per Share as at the Latest Practicable Date.

The Disposal Agreement was negotiated between the Board (excluding the interested Directors and the independent non-executive Directors) and the Disposal Purchaser on an arm's length basis, based on normal commercial terms and the Disposal Consideration, being the aggregate consideration for (i) the Disposal Shares, which is determined with reference to the Disposal Group's net asset value as well as the fair value of certain assets therein; and (ii) the Disposal Loan of approximately HK$205,000,000, being part of the Amount Due to Remaining Group. The remaining balance of the Amount Due to Remaining Group shall be repaid in full by the Disposal Group to the Remaining Group prior to the Disposal Completion, being one of the conditions precedent of the Disposal Agreement.

The revision of the amount of Disposal Loan as set out under to the Supplemental Agreements was mainly attributable to the existing financial position of the Disposal Group. Notwithstanding such revision, the entire Amount Due to Remaining Group (including the Disposal Loan) shall be settled in full by cash or by way of assignment of the Disposal Loan to the Disposal Purchaser.

Having considered the reasons for and the benefits of the Disposal set out above in particular, (i) the Disposal facilitates the Sale and Purchase Completion as the Offeror has expressed its intention to retain the Remaining Business and to dispose of the Disposal Business; (ii) the First Special Dividend, the Second Special Dividend and the Share Offer at the combined price of HK$8.306 per Share will provide an opportunity for the other Shareholders to realise their investment in the Company at a notable premium over the closing price of the Last Trading Day; (iii) the proceeds from the Disposal will largely be utilised by the Company for the payout of the Second Special Dividend; (iv) the entire Amount Due to Remaining Group (including the Disposal Loan) shall be settled in full by cash or by way of assignment of the Disposal Loan to the Disposal Purchaser; and (v) the future prospects of the Disposal Business, the Board (excluding the Independent Board Committee, the opinion of which is included in the Letter from the Independent Board Committee) considers the Disposal, including the Final Disposal Consideration, to be fair and reasonable and in the interest of the Shareholders as a whole.

Use of proceeds from the Disposal

The gross proceeds from the Disposal of HK$887,247,000 (subject to adjustment) will largely be utilised by the Company for the payout of the Second Special Dividend. Details of the Second Special Dividend are set out in the following section.

Based on information available and taking into account the First Special Dividend and Second Special Dividend, the Board is of the view that the Remaining Group will have sufficient working capital upon the Disposal Completion.

Second Special Dividend

Conditional on the Disposal Completion, the Board proposes a Second Special Dividend of HK$3.085 per Share to be distributed and settled (i) in cash to the Shareholders (other than the Disposal Purchaser) whose names are registered on the register of members of the Company on the Second Record Date; and (ii) partly by way of set off against the amount due to the Company by the Disposal Purchaser as a result of the acquisition of the Disposal Loan pursuant to the Disposal Agreement and the remaining balance in cash for the Disposal Purchaser (i.e. the Setting-off Arrangement), subject to the approval of the Independent Shareholders having been obtained and the Disposal Completion having taken place. Such Second Record Date shall in any event precede the date of the Sale and Purchase Completion.

The Selling Shareholder, the Offeror and its ultimate beneficial owner, their respective associates and parties acting in concert with any of them and those who are involved in or interested in any of the Disposal Agreement, the Group Reorganisation, the Sale and Purchase Agreement, the Second Special Dividend, the Setting-off Arrangement and the Lease Agreement will abstain from voting on the relevant Resolutions including but not limited to the Second Special Dividend at the EGM.

Implication of the Setting-off Arrangement under Takeovers Code

The Setting-off Arrangement constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Setting-off Arrangement are fair and reasonable; and (ii) the Setting-off Arrangement is approved at the EGM by the Independent Shareholders by way of poll. Shareholders including (i) the Selling Shareholder, its associates and parties acting in concert with it; (ii) the Offeror, its ultimate beneficial owner, its associates and parties acting in concert with it; and (iii) any Shareholders who are involved in or interested in the Disposal Agreement, the Group Reorganisation, the Sale and Purchase Agreement, the Second Special Dividend, the Lease Agreement, and any transactions contemplated thereunder will abstain from voting on the relevant proposed resolutions in respect of the Setting-off Arrangement at the EGM. The Company will make an application to the Executive for his consent under Rule 25 of the Takeovers Code in relation to the Setting-off Arrangement.

As set out in the section headed "C. Disposal Agreement, Disposal Special Deal, Second Special Dividend and Setting-off Arrangement — Conditions precedent to the Disposal Agreement" above, the Disposal Completion is conditional upon, among other things, the Company having obtained the Independent Shareholders' approval of the Second Special Dividend.

Based on 261,684,910 Shares in issue as at the Latest Practicable Date, the Second Special Dividend payable to the Shareholders on the Second Record Date shall amount to approximately HK$807.3 million, out of which, the Selling Shareholder, being the beneficial owners of approximately 52.87% of the issued share capital of the Company as at the Latest Practicable Date and assuming no change to their shareholding from the Latest Practicable Date to the Second Record Date, are entitled to receive a Second Special Dividend in the total sum of approximately HK$426.8 million. The Second Special Dividend will provide a substantial and immediate cash realisation to Shareholders from the outcome of the Disposal.

In determining the amount of the Second Special Dividend, the Board, having considered the financial resources available to the Group and the Remaining Group and the future working capital needs of the Remaining Group, considers that the amount of the Second Special Dividend is appropriate.

Financial effects of the Disposal

Earnings

Upon the completion of the Disposal, the combined income statements of the Disposal Group will no longer be consolidated to the consolidated income statement of the Group going forward. For further details, please refer to the unaudited pro forma consolidated income statement of the Remaining Group as set out in Appendix III to this circular.

Net asset value

Upon the Disposal Completion, the combined balance sheet of the Disposal Group will no longer be consolidated to the consolidated balance sheet of the Group going forward. As stated in the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to this circular, assuming that the Disposal had been completed on 31 December 2015 (having taken into account of the payment of the First Special Dividend and Second Special Dividend), (i) the total assets would decrease from approximately HK$1,810.2 million to approximately HK$601.2 million; (ii) the total liabilities would decrease from approximately HK$274.6 million to approximately HK$95.0 million; and (iii) the total equity would decrease from approximately HK$1,535.6 million to approximately HK$506.2 million. Please refer to the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to this circular for further details.

Implications of the Disposal under the Listing Rules and the Takeovers Code

The Disposal Companies are wholly-owned subsidiaries of the Company. The Disposal Purchaser is owned as to approximately 50.91% by Asian Pacific (Panama), and as to approximately 49.09% by KFH. As such, the Disposal Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to the Listing Rules, and is subject to reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

The Disposal also constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Disposal Special Deal is fair and reasonable; and (ii) the Disposal Special Deal is approved at the EGM by the Independent Shareholders by way of poll. Shareholders including (i) the Selling Shareholder, its concert parties, its connected persons and its respective associates within the meaning of the Listing Rules; (ii) the Offeror, its associates and parties acting in concert with it; and (iii) any Shareholders who are involved in or interested in the Disposal Agreement, the Group Reorganisation, the Sale and Purchase Agreement the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement and any transactions contemplated thereunder will abstain from voting on the proposed resolutions in respect of the Disposal Special Deal at the EGM.

Directors with a material interest in the Disposal Agreement (including the Directors Mr. Ho, Mr. Ho Ming Yu and Ms. Ho) have abstained from voting on the relevant board resolution.

The Company has made an application to the Executive for his consent under Note 4 to Rule 25 of the Takeovers Code in relation to the Disposal Special Deal.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (assuming no other changes to the issued share capital of the Company from the Latest Practicable Date) (i) as at the Latest Practicable Date; and (ii) immediately upon the Sale and Purchase Completion:

	(i) As at the Latest Practicable Date		**(ii) Immediately upon Sale and Purchase Completion**	
	Number of Shares held	*Approximate % of Shares in issue*	*Number of Shares held*	*Approximate % of Shares in issue*
The Selling Shareholder(1)	138,347,288	52.87	—	—
KFH(2)	710,000	0.27	710,000	0.27
KFI(3)	8,680,000	3.32	8,680,000	3.32
Spouse of Mr. Ho(4)	1,076,000	0.41	1,076,000	0.41
Daughter of Mr. Ho(4)	20,000	0.01	20,000	0.01
Sub-total of Selling Shareholder and parties acting in concert with it	148,833,288	56.88	10,486,000	4.01
Offeror and parties acting in concert with it	—	—	138,347,288	52.87
Other Shareholders	112,851,622	43.12	112,851,622	43.12
Total	261,684,910	100.00	261,684,910	100.00

Notes:

(1) The Selling Shareholder is owned as to (i) approximately 50.91% by Asian Pacific (Panama), being a wholly owned subsidiary of Asian Pacific, which is beneficially owned as to approximately 66.62% and 33.38% by Mr. Ho and Mr. Ho Ming Yu, respectively; and (ii) approximately 49.09% by KFH, being a wholly owned subsidiary of KFI, which is a company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation.

(2) KFH is a wholly owned subsidiary of KFI as at the Latest Practicable Date. This shareholding position represents KFH's direct shareholding in the Company only and excludes the Share held by the Selling Shareholder.

(3) KFI holds the entire issued share capital of KFH as at the Latest Practicable Date. This shareholding position represents KFI's direct shareholding in the Company only and excludes the Share held by KFH and the Selling Shareholder.

(4) Such shareholding represents her direct shareholding as at the Latest Practicable Date.

D. LEASE AGREEMENT, LEASE EXTENSION SPECIAL DEAL AND CONTINUING CONNECTED TRANSACTION AND OTHER MATTERS

Lease Agreement, Lease Extension Special Deal and Continuing Connected Transaction

On 21 January 2016, Shanghai Zenith, a wholly-owned subsidiary of the Disposal Group as at the Latest Practicable Date, entered into the Lease Agreement with a member of the Remaining Group for the lease of Shanghai Property for a period of six months commencing from the Disposal Completion Date for a monthly rent of RMB27,400, which was determined with reference to the prevailing market rent of similar property in Shanghai.

The annual cap for the Lease Agreement is HK$220,000 for the year ending 31 December 2016, is determined with reference to the aggregate rent payable by Shanghai Zenith under the Lease Agreement and a buffer to allow for possible fluctuation in exchange rate between Renminbi and Hong Kong dollars.

Shanghai Zenith shall be beneficially owned by the Disposal Purchaser immediately upon Disposal Completion. As the Disposal Purchaser is a connected person of the Company and will continue to be a connected person of the Company by way of its capacity as an associate of a Director upon the Disposal Completion pursuant to the Listing Rules, the transaction contemplated under the Lease Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) in respect of the annual cap for the Lease Agreement, are less than 0.1%, such transaction is exempt from the reporting, announcement requirements and the independent shareholders' approval requirements under the Listing Rules.

The transaction contemplated under the Lease Agreement also constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Lease Extension Special Deal are fair and reasonable; and (ii) the Lease Extension Special Deal is approved at the EGM by the Independent Shareholders by way of poll. Shareholders including (i) the Selling Shareholder, its concert parties, its connected persons and its respective associates within the meaning of the Listing Rules; and (ii) any Shareholders who are involved in or interested in the Lease Agreement, the Sale and Purchase Agreement, the Disposal Agreement, the Group Reorganisation, the Second Special Dividend, the Setting-off Arrangement, and any transactions contemplated thereunder will abstain from voting on the proposed resolutions in respect of the Lease Extension Special Deal at the EGM.

Directors with a material interest in the Lease Extension Agreement (including the Directors Mr. Ho, Mr. Ho Ming Yu and Ms. Ho) have abstained from voting on the relevant board resolution.

Having considered that (i) the Lease Agreement is a transitional post completion arrangement to facilitate the disposal of the Disposal Business as the Shanghai Property is currently being occupied as the office for the PRC trading of fishmeal team; and (ii) the monthly rent under the Lease Agreement is determined with reference to the prevailing market rent of similar property in Shanghai, the Board (excluding the Independent Board Committee, the opinion of which is included in the letter from the Independent Board Committee) considers the Lease Agreement and the transactions contemplated thereunder to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company has made an application to the Executive for his consent under Rule 25 of the Takeovers Code in relation to the Lease Extension Special Deal.

For the avoidance of doubt, in the event that the Independent Shareholders do not approve the resolution for the Lease Agreement, the Disposal Agreement and Sale and Purchase Agreement will lapse.

Other matters

In light of the Sale and Purchase Agreement and Disposal Agreement, subject to the compliance with the Takeovers Code and the Listing Rules, the Company may terminate the employment contracts of certain existing employees (including Directors) of the Group effective on or after the Sale and Purchase Completion and the Disposal Completion, and severance and long service payments are required by law to be paid to such employees for such termination of employment. In line with the Company's remuneration policies and practice, and as set out in the respective employment contracts, the Company shall pay annual discretionary bonus to its employees (including Directors). For information purposes only, the Company has paid annual discretionary bonus to its employees (including Directors) for each of the five financial years ended 31 December 2014.

E. POSSIBLE UNCONDITIONAL MANDATORY CASH GENERAL OFFER FOR SHARES

As at the Latest Practicable Date, the Offeror and parties acting in concert with it do not hold, own or control any Shares in the share capital or voting rights of the Company. Assuming no other changes to the issued share capital of the Company from the Latest Practicable Date, the Offeror and parties acting in concert with it will be interested in a total of 138,347,288 Shares immediately after the Sale and Purchase Completion, representing approximately 52.87% of the issued share capital of the Company.

On this basis, the Offeror will be required to make an unconditional mandatory cash general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, the Company has 261,684,910 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

With reference to the Joint Announcement, subject to and upon the Sale and Purchase Completion, CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Share Offer to acquire all the Offer Shares on the terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code. Details of the terms and information related to the Share Offer are set out in the Joint Announcement under the section headed "D. Possible unconditional mandatory cash general offer for Shares".

Pursuant to Rule 8.2 of the Takeovers Code, the Offer Document is required to be posted by or on behalf of the Offeror within 21 days of the date of the Joint Announcement or such other date as the Executive may approve. Furthermore, Note 2 to Rule 8.2 of the Takeovers Code provides that the Executive's consent is required if the making of an offer is subject to the prior fulfillment of a pre-condition and the precondition cannot be fulfilled within the time period as contemplated by Rule 8.2 of the Takeovers Code. Since there are pre-conditions, i.e. the Sale and Purchase Completion and the Disposal Completion, to the making of the Share Offer and it is expected that such pre-conditions may not be fulfilled, the Share Offer may not be made within 21 days after the date of the Joint Announcement. An application has been made by the Offeror for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code and the consent has been granted by the Executive on 25 February 2016 to extend the latest time for the despatch of the Offer Document (together with relevant form(s) of acceptance) to within seven (7) days of the date of the fulfilment of the pre-conditions for the Share Offer i.e. the Sale and Purchase Completion, or 18 August 2016, i.e. the Sale and Purchase Long Stop Date, whichever is earlier.

F. INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the Disposal Business and the Remaining Business, which primarily involves (i) leasing of properties in Hong Kong; (ii) leasing of properties in the PRC; (iii) provision of agency services; (iv) trading of properties; and (v) trading of fishmeal products.

The following table is a summary of certain financial information of the Group extracted from the respective published annual reports of the Company for the three financial years ended 31 December 2013, 2014 and 2015.

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$ million (audited)	*HK$ million* (audited)	*HK$ million* (audited)
Revenue	1,523.8	1,336.5	1,191.8
Gross profit	89.9	119.2	71.1
Profit before tax	58.6	186.4	11.9
Profit for the year attributable to equity holders of the Company	55.7	173.4	1.7
Total equity	1,461.1	1,594.5	1,535.6

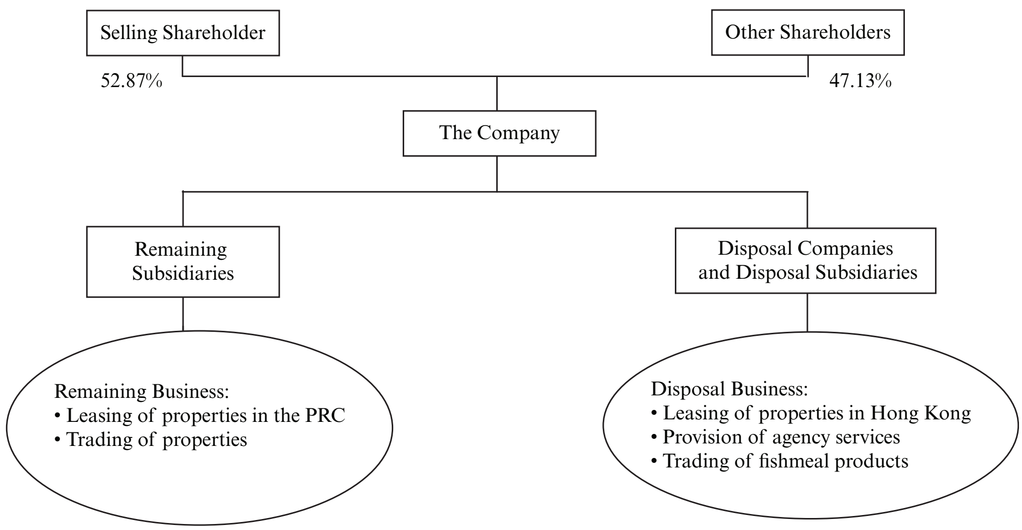
G. INFORMATION AND INTENTION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the Republic of Seychelles. As at the Latest Practicable Date, the Offeror is an indirect wholly-owned subsidiary of Shanghai Chongsheng Investment Management Co. Ltd., which is owned as to 99% by Mr. Jiang Tian ("**Mr. Jiang**") and 1% by Mr. Gong Biao. Mr. Jiang together with companies controlled by him are principally engaged in property investment, hotel management and property management in the PRC. Mr. Jiang has over 10 years of experience in the property industry and hotel management in the PRC. He is a majority shareholder and the sole director of Shanghai Sky Fortune Hotel Management Limited* (上海天禧嘉福酒店管理有限公司) which is principally engaged in hotel management in the PRC.

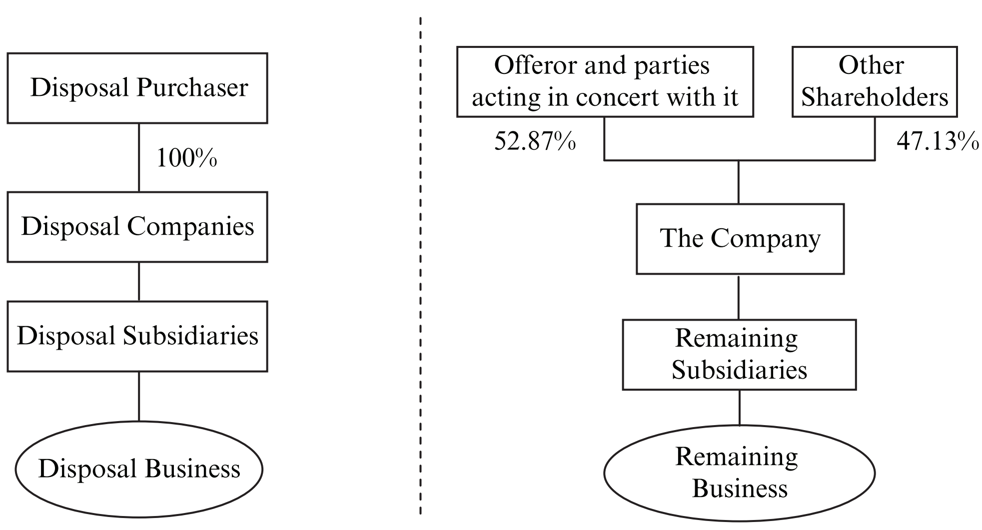
Upon the Disposal Completion and Sale and Purchase Completion, the Offeror intends to continue the existing operations of property investment of the Remaining Group and to focus on investment of commercial properties in cities of the PRC and acquire good quality properties in such cities as and when opportunities arise. Currently there is no intention to scale down or dispose of any business of the Remaining Group. The Offeror will also conduct a detailed review on the financial condition and the operations of the Remaining Group and formulate long-term business plans and strategy for the future business development of the Remaining Group. Subject to the results of the review, the Offeror may explore other business opportunities particularly in the property sector with a view to enhance the growth and future development of the Remaining Group. As at the Latest Practicable Date, the Offeror has no plans to acquire any assets or businesses into the Remaining Group, or for the Remaining Group to engage in development of property projects. Neither has the Offeror identified any potential business opportunities to be taken up by the Remaining Group. The Offeror intends to maintain not less than the current number of staff in the Remaining Group for the operations of the Remaining Group. Going forward, as the business of the Remaining Group may grow upon acquisition of investment properties and exploration of new business opportunities, additional staff may be recruited to manage and operate the business.

H. GROUP STRUCTURE

The Group structure immediately prior to the Disposal Completion, the Sale and Purchase Completion, and the Share Offer Completion is expected to be as follows:



The group structure of the Disposal Group and the Remaining Group immediately after the Disposal Completion and the Sale and Purchase Completion, but prior to the Share Offer Completion are expected to be as follows:



I. GENERAL

First Special Dividend

The Board proposes a First Special Dividend of HK$1.223 per Share, to be distributed and paid in cash to the Shareholders whose names are registered on the register of members of the Company on the First Record Date, which is conditional on the Disposal Agreement, the Second Special Dividend, the Setting-Off Arrangement and the Lease Agreement being approved by the Independent Shareholders at the EGM. Based on 261,684,910 Shares in issue as at the Latest Practicable Date, the First Special Dividend payable to the Shareholders on the First Record Date shall amount to approximately HK$320.0 million. The First Special Dividend was determined on the basis of estimated cash balance available for distribution to the Shareholders after deducting the estimated cash requirement for the operation of the Group in its ordinary course of business prior to the Sale and Purchase Completion and Disposal Completion.

On this basis, the aggregate of the First Special Dividend and Second Special Dividend is approximately HK$1,127.3 million, which is equivalent to approximately HK$4.308 per Share.

Shareholders please refer to the expected timetable in the section headed "Expected Timetable" of this circular in respect of the First Record Date, Second Record Date, closure of register of members of the Company for determining the Shareholder's entitlement to the proposed First Special Dividend and Second Special Dividend, and payout dates of the First Special Dividend and Second Special Dividend. **Registered Shareholders as at the First Record Date and the Second Record Date will be entitled to the First Special Dividend and the Second Special Dividend, respectively, even though such Shareholders may subsequently accept the Share Offer.**

EGM

The EGM will be held for the purpose of considering and, if thought fit, approving the Resolutions by way of poll. The Selling Shareholder, the Offeror, their respective associates and parties acting in concert with them and those who are involved in or interested in the Disposal Agreement, the Group Reorganisation, the Sale and Purchase Agreement, the Second Special Dividend, the Setting-off Arrangement, and the Lease Agreement will abstain from voting on the relevant Resolutions at the EGM.

As at the Latest Practicable Date, the Selling Shareholder holds an aggregate of 138,347,288 Shares, representing approximately 52.87% of the existing issued Shares.

Save for the interests in the Sale and Purchase Agreement, none of the Offeror and parties acting in concert with it holds any Shares as at the Latest Practicable Date.

Closure of Register of Members

In order to determine the identity of the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 27 May 2016 to Tuesday, 31 May 2016 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for the aforesaid entitlements, all relevant transfer documents accompanied by the relevant Share certificates must be lodged with the share registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Thursday, 26 May 2016.

Establishment of the Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising all the independent non-executive Directors has been formed to make a recommendation to (i) the Independent Shareholders as to whether the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder are fair and reasonable and as to voting; and (ii) the Share Offer Shareholders as to whether the Share Offer, is, or is not fair and reasonable and as to acceptance. The Independent Board Committee has not, included the non-executive Director, Ms. Ho, as Ms. Ho is the daughter of Mr. Ho Ming Yu, who was a director of Fulcrest.

The appointment of Independent Financial Adviser has been approved by the Independent Board Committee to advise the Independent Board Committee to make recommendation to (i) the Independent Shareholders as to whether the terms of each of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder are fair and reasonable and as to voting; and (ii) the Share Offer Shareholders in respect of the Share Offer pursuant to Rule 2.1 of the Takeovers Code. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder are included in this circular and set out on pages 39 to 72 and on page 38, respectively.

The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Share Offer, in particular, as to whether the Share Offer is, or is not, fair and reasonable and as to its acceptance, will be included in the Offer Document.

Recommendations

The Board (including the Independent Board Committee after taking into account the advice from the Independent Financial Adviser) considers that the terms of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder are, albeit not conducted in the ordinary and usual course of business,

(i) fair and reasonable, (ii) on normal commercial terms, and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the Resolutions to be proposed at the EGM to approve the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder.

J. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out in the section under "Letter from the Independent Board Committee" of this circular which contains its views and recommendation to the Independent Shareholders in respect of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder, based on the advice from the Independent Financial Adviser set out in the section under "Letter from the Independent Financial Adviser" of this circular which contains Independent Financial Adviser's advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons taken into consideration.

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

IMPORTANT NOTE

AS DISPOSAL COMPLETION IS SUBJECT TO THE CONDITIONS PRECEDENT SET OUT IN THE DISPOSAL AGREEMENT, INCLUDING THE APPROVAL OF THE INDEPENDENT SHAREHOLDERS, THE DISPOSAL MAY OR MAY NOT PROCEED.

THE FIRST SPECIAL DIVIDEND AND SECOND SPECIAL DIVIDEND ARE SUBJECT TO THE APPROVAL OF THE INDEPENDENT SHAREHOLDERS. THE SECOND SPECIAL DIVIDEND IS SUBJECT TO THE DISPOSAL COMPLETION. AS SUCH, THE FIRST SPECIAL DIVIDEND AND SECOND SPECIAL DIVIDEND MAY OR MAY NOT BE DECLARED AND PAID.

AS THE MAKING OF THE SHARE OFFER IS SUBJECT TO THE FULFILLMENT OF THE PRE-CONDITIONS (INCLUDING BUT NOT LIMITED TO THE SALE AND PURCHASE COMPLETION AND THE DISPOSAL COMPLETION), THE SHARE OFFER MAY OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCKBROKER OR OTHER REGISTERED DEALER IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

Yours faithfully,
By order of the Board
Great China Holdings Limited
John Ming Tak HO
Managing Director

GREAT CHINA HOLDINGS LIMITED
大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

13 May 2016

To the Independent Shareholders

Dear Sirs/Madams,

We refer to the circular dated 13 May 2016 issued by the Company to the Shareholders (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder are (i) fair and reasonable so far as the Independent Shareholders are concerned, (ii) on normal commercial terms, and (iii) in the interests of the Company and the Independent Shareholders as a whole. VMS Securities Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

Having considered the terms of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder, and having taken into account the advice of the Independent Financial Adviser, we are of the view that the terms of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder are, albeit not conducted in the ordinary and usual course of business, (i) fair and reasonable so far as the Independent Shareholders are concerned, (ii) on normal commercial terms, and (iii) in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the Resolutions to be proposed at the EGM to approve the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee

Mr. Lawrence Kam Kee YU *BBS, MBE, JP* *Independent* *Non-executive Director*	**Mr. David Hon To YU** *Independent* *Non-executive Director*	**Mr. Hsu Chou WU** *Independent* *Non-executive Director*

The following is the full text of the letter of advice from VMS Securities Limited to the Independent Board Committee and the Independent Shareholders for incorporation in this circular.

VMS Securities Limited
49/F, One Exchange Square
8 Connaught Place, Central, Hong Kong
香港中環康樂廣場8號交易廣場1期49樓
Tel/電話: (852) 2996 2100
Fax/傳真: (852) 2996 1210

13 May 2016

To: The Independent Board Committee and
the Independent Shareholders of
Great China Holdings Limited

Dear Sirs,

(1) VERY SUBSTANTIAL DISPOSAL, CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL OF DATONG GLOBAL HOLDINGS LIMITED AND XINGAO LIMITED

(2) PROPOSED DECLARATION OF FIRST SPECIAL DIVIDEND AND SECOND SPECIAL DIVIDEND AND

(3) LEASE EXTENSION SPECIAL DEAL

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement and the Lease Agreement, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in this circular (the "**Circular**") dated 13 May 2016, of which this letter forms a part. Capitalised terms defined in the Circular shall have the same meanings in this letter, unless otherwise defined.

On 21 January 2016, the Selling Shareholder and the Offeror entered into the Sale and Purchase Agreement (supplemented by the Sale and Purchase Supplemental Agreement dated 18 April 2016), pursuant to which the Selling Shareholder conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares for a consideration of HK$552,998,120 (equivalent to approximately HK$3.998 per Sale Share). The Sales Shares represent approximately 52.87% of the existing issued share capital of the Company as at the Latest Practicable Date.

Disposal Agreement and Disposal Special Deal

In addition, on 21 January 2016, the Company and the Disposal Purchaser entered into the Disposal Agreement (supplemented by the Disposal Supplemental Agreement dated 18 April 2016), pursuant to which the Company conditionally agreed to sell and the Disposal Purchaser conditionally agreed to purchase the Disposal Shares and the Disposal Loan for a consideration of HK$887,247,000. The Final Disposal Consideration shall comprise of (i) the consideration attributable to the Disposal Shares, which is the Disposal Group NAV as shown in the Disposal Completion Accounts and the fair value adjustments of the Hong Kong Office, and the investment of the Group in Bali; and (ii) the consideration attributable to the Disposal Loan.

The Disposal Companies are wholly-owned subsidiaries of the Company as at the Latest Practicable Date. The Disposal Purchaser is a connected person of the Company as it is the controlling shareholder of the Company. As such, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Disposal also constitutes a very substantial disposal for the Company under the Listing Rules, and is subject to reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

The Disposal also constitutes a special deal (i.e. the Disposal Special Deal) under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Disposal Agreement are fair and reasonable; and (ii) the Disposal Agreement is approved at the EGM by the Independent Shareholders by way of poll.

First Special Dividend, Second Special Dividend and Setting-off Arrangement

The Board proposes a First Special Dividend of HK$1.223 per Share, to be distributed and paid in cash to the Shareholders whose names are registered on the register of members of the Company on the First Record Date, which is conditional on the Disposal Agreement, the Second Special Dividend and the Lease Agreement being approved by the Independent Shareholders at the EGM. Based on 261,684,910 Shares in issue as at the Latest Practicable Date, the First Special Dividend payable to the Shareholders on the First Record Date shall be approximately HK$320.0 million. The First Special Dividend was determined on the basis of estimated cash balance available for distribution to the Shareholders after deducting the estimated cash requirement for the operation of the Group in its ordinary course of business prior to the Sale and Purchase Completion and Disposal Completion.

The Board further proposes, conditional on the Disposal Completion, a Second Special Dividend of HK$3.085 per Share to be (i) distributed in cash to the Shareholders (other than the Disposal Purchaser); and (ii) settled partly by setting off against the Disposal Loan which is the amount due to the Company by the Disposal Purchaser as a result of the acquisition of the Disposal Loan under the Disposal Agreement and the remaining balance in cash for the Disposal Purchaser (i.e. the Setting-off Arrangement).

The Setting-off Arrangement constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Setting-off Arrangement are fair and reasonable; and (ii) the Setting-off Arrangement is approved at the EGM by the Independent Shareholders by way of poll.

Lease Agreement and Lease Extension Special Deal

On 21 January 2016, Shanghai Zenith, a wholly-owned subsidiary of the Disposal Group entered into the Lease Agreement with a member of the Remaining Group for the lease of Shanghai Property for a period of six months commencing from the Disposal Completion Date for a monthly rent of RMB27,400. The annual cap for the Lease Agreement is HK$220,000 for the year ending 31 December 2016.

Shanghai Zenith shall be beneficially owned by the Disposal Purchaser immediately upon Disposal Completion. The Disposal Purchaser is a connected person of the Company and will continue to be a connected person of the Company by way of its capacity as an associate of a Director upon the Disposal Completion under the Listing Rules. The transaction contemplated under the Lease Agreement constitutes a continuing connected transaction for the Company exempt from reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rule.

The transaction contemplated under the Lease Agreement also constitutes a special deal (i.e. the Lease Extension Special Deal) under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Lease Agreement are fair and reasonable; and (ii) the Lease Agreement is approved at the EGM by the Independent Shareholders by way of poll.

The Independent Board Committee, comprising all the three independent non-executive Directors, has been formed, among others, to make a recommendation to the Independent Shareholders (i) as to whether the terms of each of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement and the transactions contemplated thereunder are fair and reasonable; and (ii) as to voting. The Independent Board Committee has not included the non-executive Director, Ms. Ho, as she is the daughter of Mr. Ho Ming Yu, who was a director of the Disposal Purchaser.

We have been approved and appointed by the Independent Board Committee to advise the Independent Board Committee to make recommendation to the Independent Shareholders in respect of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement and the transactions contemplated thereunder. Other than the appointment as the Independent Financial Adviser to the Independent Board Committee as stated above, we have no relationships or interests with the Company and any other parties that could reasonably be regarded as relevant to our independence. We are therefore independent from the Company pursuant to Rule 13.84 of the Listing Rules and our appointment by the Independent Board Committee is in compliance with Rule 2 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Company for which they are solely responsible for, are true and accurate at the time they were made and will continue to be accurate at the Latest Practicable Date and up to the date throughout the Offer Period. Any material changes will be updated to the Shareholders as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted any independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. The Disposal

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

1. Information on the Group

(a) Principal business

The Group is currently principally engaged in (i) the Disposal Business comprising trading of fishmeal products, property investment in Hong Kong, provision of agency service and investment in financial assets; and (ii) the Remaining Business comprising property investment in the PRC and sales of properties in the PRC.

(b) Historical financial information

The following is a summary of the consolidated financial results of the Group for each of the three years ended 31 December 2015 extracted from the annual reports of the Group for the years ended 31 December 2014 (the "**2014 Annual Report**") and 31 December 2015 (the "**2015 Annual Report**").

Consolidated financial results of the Group (amount in HK$ million)

	Year ended 31 December		
	2013	**2014**	**2015**
	(audited)	(audited)	(audited)
Revenue	1,523.8	1,336.5	1,191.8
Gross profit	89.9	119.2	71.1
Net profit attributable to owners of the Company	55.7	173.4	1.7

For the years ended 31 December 2014 and 2013

For the year ended 31 December 2014, the Group's segments contribution remained fairly stable with that of 2013. Trading of fishmeal products accounted for approximately 97.0% (2013: approximately 97.6%) whereas property investment in Hong Kong and the PRC accounted for the remaining 3.0% (2013: 2.4%).

For the year ended 31 December 2014, the Group recorded a revenue of approximately HK$1,336.5 million (2013: approximately HK$1,523.8 million), representing a decrease of approximately 12.3% as compared to that of 2013. According to the 2014 Annual Report, such decrease was primarily attributable to the decrease in revenue generated by the segment of trading of fishmeal products. The decrease was due to the limited supply of fishmeal since the second half of 2014 caused by the suspension of fishing activities in Peru to preserve the marine environmental conditions. As a result of such supply disruption, the price of fishmeal reached a record high which in turn affected the demand of fishmeal products.

For the year ended 31 December 2014, the Group's gross profit increased by approximately HK$29.3 million or 32.6%. Such increase was mainly attributable to the gross profit improvement achieved by the segment of trading of fishmeal products. Despite the unstable market conditions in the segment of trading of fishmeal products as set out in the previous paragraph, the Group maintained a conservative market strategy to minimise the market risk and thus, it was able to increase the gross profit of the segment from approximately HK$57.0 million (gross margin: approximately 3.8%) for the year ended 31 December 2013 to approximately HK$81.7 million (gross margin: approximately 6.3%) for the year ended 31 December 2014.

For the year ended 31 December 2014, the Group's net profit increased by approximately HK$117.7 million or 211.3% compared to that of 2013. The increase was mainly attributable to (i) the increase in fair value gain of the investment properties of approximately HK$57.9 million; (ii) reversal of warranty provision of taxes and claims of approximately HK$48.2 million for disposal of an associate in 2012 which the warranty period expired in 2014; and (iii) the increase in gross profit of approximately HK$29.3 million.

For the years ended 31 December 2015 and 2014

For the year ended 31 December 2015, the Group's segments contribution remained fairly stable when compared to that of 2014. Trading of fishmeal products accounted for approximately 96.8% (2014: approximately 97.0%) whereas property investment in Hong Kong and the PRC accounted for the remaining 3.2% (2014: 3.0%).

For the year ended 31 December 2015, the Group recorded revenue of approximately HK$1,191.8 million (2014: approximately HK$1,336.5 million), representing a decrease of approximately 10.8% as compared to that of 2014. According to the 2015 Annual Report, such decrease was primarily attributable to the decrease in revenue generated by the segment of trading of fishmeal products. The drop in the segment revenue was due to the limited supply of fishmeal in the first half of 2015 caused by the continued controlled fishing quota in the relevant marine areas which, in turn, led to increased volatility in the fish meal market throughout 2015. This drove up the price level of fishmeal products and accordingly, decreased the quantity demanded for the fishmeal by the end users. In the second half of 2015, despite relief of the tight supply, the average fishmeal prices still maintained at a high level. As a results, the buyers had begun to look for substitutives, resulting in lower than anticipated fishmeal consumption in the second half of 2015.

For the year ended 31 December 2015, the Group's gross profit decreased by approximately HK$48.1 million or 40.4%. Such decrease was primarily attributable to the deterioration in gross profit of the segment of trading of fishmeal products. The gross profit of the segment of trading of fishmeal products decreased from approximately HK$81.7 million (gross margin: approximately 6.3%) for the year ended 31 December 2014 to approximately HK$36.2 million (gross margin: approximately 3.1%) for the year ended 31 December 2015. The buyers' looking for substitutives for the fishmeal products, which was chain-linked by the limited fishing quota in the upstream fishing industry, ultimately shifted down the demand for the fishmeal products. This not only affected the Group's turnover but also caused detriment to the gross profit of the segment of trading of fishmeal products.

For the year ended 31 December 2015, the Group's net profit decreased by approximately HK$171.7 million or 99.0% compared to that of 2014. Such decrease was primarily attributable to (i) the absence of the one-off reversal of warranty provision of taxes and claims of approximately HK$48.2 million recorded for the year ended 31 December 2014; (ii) the decline in gross profit of approximately HK$48.1 million; and (iii) the change from a fair value gain in investment properties of approximately HK$61.1 million for the year ended 31 December 2014 to a fair value loss in investment properties of approximately HK$16.0 million for the year ended 31 December 2015.

Consolidated assets and liabilities of the Group (amount in HK$ million)

	As at 31 December		
	2013	**2014**	**2015**
	(audited)	(audited)	(audited)
Total assets	1,979.7	1,978.9	1,810.2
Total liabilities	518.6	384.4	274.6
Net assets	1,461.1	1,594.5	1,535.6

As at 31 December 2014 and 2013

As at 31 December 2014, total assets of the Group stayed nearly the same level as the balance as at 31 December 2013 whereas total liabilities decreased by approximately HK$134.2 million or 25.9%. Accordingly, total equity increased by roughly the same amount as the decrease in total liabilities. The decrease in total liabilities was primarily due to the net effect of (i) the decrease in the aggregate balances of trade and bills payables and other payables and accrued expenses by approximately HK$164.6 million; and (ii) the increase in the total borrowings of approximately HK$21.1 million. The composition of the total borrowings had changed with lower level of long term borrowings as at 31 December 2014. As a result, according to the 2014 Annual Report, the Group's gearing ratio decreased to 5.8%, which was based on the Group's long term bank borrowings of approximately HK$114.3 million (2013: approximately HK$136.4 million) and total assets of approximately HK$1,978.9 million as at 31 December 2014 (2013: approximately HK$1,979.7 million).

As at 31 December 2015 and 2014

As at 31 December 2015, the Group's total assets, total liabilities and total equity all decreased compared to that of 2014. The decrease in total assets of approximately HK$168.7 million was mainly attributable to the net effect of (i) decrease in the aggregate balances of the total restricted bank deposits, structured bank deposits, bank balances and cash on hand by approximately HK$242.4 million; (ii) increase in financial assets at fair value through profit and loss by approximately HK$35.7 million; and (iii) increase in trade and other receivables, prepayments and deposits by approximately HK$44.0 million. Decrease in total liabilities of approximately HK$109.8 million was mainly caused by decreases in (i) the aggregate balances of trade and bills payables and other payables and accrued expenses by approximately HK$34.3 million; and (ii) total borrowings by approximately HK$77.8 million. The long term borrowings also decreased. The further decline in the long term borrowings also caused the Group's gearing ratio to decrease to 5.3% (2014: 5.8%).

2. Information on the Disposal Group

(a) Principal business

The Disposal Companies are direct wholly-owned subsidiaries of the Company prior to the Disposal Completion. The Disposal Group is operating the Disposal Business which primarily involves (i) trading of fishmeal products; (ii) property investment in Hong Kong; (iii) provision of agency service; and (iv) investment in financial assets.

(b) Historical financial information

The following is the audited combined financial information of the Disposal Group for each of the three years ended 31 December 2015 which has been extracted from note 6.2 — "Financial Information of the Disposal Group" of the Appendix II to the Circular:

Combined financial results of the Disposal Group (amount in HK$ million)

	Year ended 31 December		
	2013	**2014**	**2015**
	(audited)	(audited)	(audited)
Revenue	1,502.3	1,314.2	1,171.5
Gross profit	72.4	100.0	54.2
Net profit/(loss)	41.6	75.1	(35.5)

For the years ended 31 December 2014 and 2013

As advised by the Directors, the Disposal Group's segments contribution for the year ended 31 December 2014 remained fairly stable with that of 2013. Trading of fishmeal products accounted for approximately 98.6% (2013: approximately 99.0%) whereas property investment in Hong Kong and provision of agency service accounted for the remaining 1.4% (2013: 1.0%).

For the year ended 31 December 2014, the Disposal Group's revenue decreased by approximately HK$188.1 million or 12.5% as compared to that of 2013. However, the Disposal Group's gross profit increased by approximately HK$27.6 million or 38.1%. According to the Company, the decrease in the revenue and the increase in gross profit of the Disposal Group were caused by the fluctuations in the revenue and gross profit of the segment of trading of fishmeal products with the same reason as stated in the section "Information on the Group" above.

For the year ended 31 December 2014, the Disposal Group's net profit increased by approximately HK$33.5 million or 80.5%. The Directors advised that the increase was mainly attributable to the increase in (i) fair value gain of the investment properties of approximately HK$14.9 million; and (ii) gross profit of approximately HK$27.6 million.

For the years ended 31 December 2015 and 2014

According to the Directors, for the year ended 31 December 2015, the Disposal Group's segments contribution remained fairly stable with that of 2014. Trading of fishmeal products accounted for approximately 98.5% (2014: approximately 98.6%) whereas property investment in Hong Kong and provision of agency service accounted for the remaining 1.5% (2014: 1.4%).

For the year ended 31 December 2015, the Disposal Group's revenue decreased by approximately HK$142.7 million or 10.9% as compared to that of 2014. Its gross profit decreased by approximately HK$45.8 million or 45.8%. According to the Directors, the decrease in the revenue and gross profit of the Disposal Group was caused by the worsening of the revenue and gross profit of the segment of trading of fishmeal products with the same reason as stated in the section "Information on the Group" above.

For the year ended 31 December 2015, the Disposal Group's results decreased substantially by approximately HK$110.6 million which turned from net profit of approximately HK$75.1 million for the year ended 31 December 2014 to net loss of approximately HK$35.5 million for the year ended 31 December 2015. The Directors advised that the worsening results was mainly attributable to (i) the decline in the gross profit of approximately HK$45.8 million; and (ii) the fair value loss of investment properties of approximately HK$44.3 million for the year ended 31 December 2015 whereas there was a fair value gain of investment properties of approximately HK16.9 million for the year ended 31 December 2014.

Combined assets and liabilities of the Disposal Group (amount in HK$ million)

	As at 31 December		
	2013	**2014**	**2015**
	(audited)	(audited)	(audited)
Total assets	1,658.4	1,645.1	1,294.4
Total liabilities	1,101.5	1,016.3	710.2
Net assets	556.9	628.8	584.2

As at 31 December 2014 and 2013

As at 31 December 2014, total assets of the Disposal Group stayed fairly stable with that of 2013 whereas total liabilities decreased by approximately HK$85.2 million or 7.7%. Accordingly, the increase in the net assets was in line with the decrease in the total liabilities. Decrease in total liabilities was mainly caused by the net effect of (i) dropping of the aggregate balances of trade and bills payables and other payables and accrued expenses by approximately HK$121.0 million; and (ii) the increase in the total borrowings of approximately HK$31.9 million. In spite of the increment in the total borrowings, the composition of the total borrowings changed with lower level of long term borrowings as at 31 December 2014.

As at 31 December 2015 and 2014

As at 31 December 2015, the Disposal Group's total assets, total liabilities and net assets all decreased compared to that of 2014. The decrease in total assets of approximately HK$350.7 million was mainly attributable to the net effect of (i) decrease in the aggregate balances of the total restricted bank deposit, structured bank deposits, bank balances and cash on hand by approximately HK$240.2 million; (ii) decrease in the amount due from the Remaining Group by approximately HK$185.6 million; (iii) increase in financial assets at fair value through profit and loss by approximately HK$35.7 million; and (iv) increase in trade and other receivables, prepayments and deposits by approximately HK$48.2 million. The decrease in total liabilities of approximately HK$306.1 million was mainly caused by decreases in (i) the aggregate balances of trade and bills payables and other payables and accrued expenses by approximately HK$32.2 million; (ii) total borrowings by approximately HK$66.9 million; and (iii) the amount due to the Remaining Group by approximately HK$206.8 million.

3. *Information on the Remaining Group*

(a) Principal business

Following the Disposal Completion, the Remaining Group will continue operating the Remaining Business which principally involves (i) property investment in the PRC; and (ii) sales of properties in the PRC.

It is stated in the Letter from the Board that based on the information of the PRC Properties and the Remaining Group, the Board is of the view that the Remaining Group would have sufficient level of operations or assets of sufficient value to warrant the continued listing of its securities, with due compliance with Rule 13.24 of the Listing Rules.

(b) Historical financial information

For each of the three years ended 31 December 2015, revenue of the Remaining Group primarily represented rental income in the PRC.

For the years ended 31 December 2014 and 2013

For the year ended 31 December 2014, revenue of the Remaining Group was approximately HK$22.3 million, which was maintained at a similar level compared to that of 2013.

For the year ended 31 December 2014, net profit was approximately HK$98.3 million, representing an increase of approximately 597.2% compared to that of 2013 of approximately HK$14.1 million. Such substantial increase was primarily attributable to (i) an one-off income of approximately HK$48.2 million from reversal of warranty provision of taxes and claims; and (ii) the increase in fair value gain of the investment properties in the PRC of approximately HK$43.0 million.

For the years ended 31 December 2015 and 2014

For the year ended 31 December 2015, revenue of the Remaining Group decreased by approximately 9.0% to approximately HK$20.3 million compared to that of 2014. The decrease was primarily attributable to the termination of a lease agreement during the year.

Net profit for the year ended 31 December 2015 was approximately HK$37.2 million. It represents a decrease of approximately 62.2% from approximately HK$98.3 million for the year ended 31 December 2014. The decrease was primarily attributable to (i) the absence of an one-off income of approximately HK$48.2 million from reversal of warranty provision of taxes and claims; and (ii) the decrease in fair value gain of the investment properties in the PRC of approximately HK$15.9 million.

4. Background and reasons for the Disposal

Pursuant to the Sale and Purchase Agreement, it is conditionally agreed between the Selling Shareholder and the Offeror that the Disposal Business shall be disposed of by the Company to the Disposal Purchaser so that it will no longer be part of the Remaining Group after the Disposal Completion and the Sale and Purchase Completion. The Disposal Completion shall take place contemporaneously with the Sale and Purchase Completion, and the Group Reorganisation, the First Special Dividend and the Second Special Dividend are pre-conditional for the Disposal Completion.

The main reason for separating the Disposal Business and the Remaining Business through the Group Reorganisation is that, during the negotiations between the parties to the Sale and Purchase Agreement, the Offeror has expressed its intention to retain the Remaining Business and to dispose of the Disposal Business while the Disposal Purchaser has expressed its intention to retain the Disposal Business. Having considered the above, the Board (excluding the Independent Board Committee) considers that the Disposal will facilitate the Sale and Purchase Completion and, accordingly, the First Special Dividend, the Second Special Dividend and the Share Offer. The First Special Dividend, the Second Special Dividend and the Share Offer will provide an opportunity for the Independent Shareholders to realise their investment in the Company at a combined price of HK$8.306 per Share (being the sum of the First Special Dividend per Share of HK$1.223, Second Special Dividend per Share of HK$3.085 and the Share Offer Price per Share of HK$3.998), which represents a premium of approximately 46.2% over the closing price of HK$5.680 per Share as at the Last Trading Day.

It is noted that the revenue of the Disposal Business accounted for approximately 98.3% of the existing Group's revenue for the year ended 31 December 2015. According to the note 6.2 — "Financial Information of the Disposal Group" of the Appendix II to the Circular, the Disposal Business incurred a loss of approximately HK$35.5 million for the year ended 31 December 2015. In other words, the Disposal involves disposal of the loss making business. We note that following the Disposal Completion, the Group will only have the Remaining Business as its principal business. In this regard, according to the Letter from the Board, as at 31 December 2015, there was a gross floor area of not less than 16,000 sq.m. for the PRC Properties of the Remaining Business which contributed an average monthly rental income of not less than RMB1.5 million during the year ended 31 December 2015. Also, according to the valuation reports in Appendix IV to the Circular, the market value of the PRC Properties was approximately HK573.3 million. While the Disposal Completion and the Sale and Purchase Completion is inter-conditional, it is also noted that one of the conditions precedent for the Sale and Purchase Completion is to ensure, among others, maintaining sufficient operations of assets under Rule 13.24 of the Listing Rules for the Remaining Group. In this regard, according to the Letter from the Board, the Board is of the view that the Remaining Group would have sufficient level of operations or assets of sufficient value to warrant the continued listing of its securities, with due compliance with Rule 13.24 of the Listing Rules.

In addition, we are of the view that the prospect of the Disposal Business is generally uncertain and challenging. We concurred with the Board's view that the future prospect of the Fishmeal Trading Business is uncertain at the moment due to the undetermined date of fishing ban release and anchovy fishing quota in Peru according to the 2015 Annual Report. For the HK Property Investment Business, its major assets include retail shop premises, premium residential properties and an office premise in Hong Kong. There is a general market consensus that the overall property market in Hong Kong will continue to slow down. Among the property sectors, outlook for retail sector is gloomy due to the weakening inbound tourism; and the residential sector is negatively affected by the severely stretched affordability, slowing demand and rising short term supply of the residential properties. For the Bali Investment (details of the Bali Investment are set out in the sub-section headed "Investments and other net assets value" below), we understand that among the three hotel projects, only one has commenced full operation for a few months in June 2015 while the other two are either under construction or in the preliminary stage. As such, whether the hotel projects will become successful business is yet to be seen.

Having considered the reasons for the Disposal, the opportunity given to the Independent Shareholders to realise their investment in the Company at a substantial premium and the uncertain and challenging prospects of the Disposal Business as set out above, we concur with the Director's view that it is commercially justifiable to dispose of the Disposal Business which is in the interests of the Company and the Shareholders as a whole.

5. *Terms of the Disposal Agreement*

(a) Subject of the Disposal Agreement

Under the Disposal Agreement, the Company conditionally agreed to sell and the Disposal Purchaser conditionally agreed to purchase the Disposal Shares and the Disposal Loan.

The Disposal Shares represent 100% interests in the Disposal Group which is operating the Disposal Business involving trading of fishmeal products (the "**Fishmeal Trading Business**"), property investment in Hong Kong (the "**HK Property Investment Business**"), provision of agency service (the "**Agency Service Business**") and investment in financial assets. The principal assets of the Disposal Group include (i) the investment properties in Hong Kong (the "**Hong Kong Investment Properties**"); (ii) the Hong Kong Office; (iii) receivables and inventories in relation to the Fishmeal Trading Business; and (iv) investments and other net assets value, including the investment of the Group in Bali (the "**Bali Investment**").

Upon the Disposal Completion, the Disposal Group will cease to be subsidiaries of the Company.

The Disposal Loan of approximately HK$205.0 million represents part of the amount due to the Remaining Group. The remaining balance of the amount due to Remaining Group shall be repaid in full by the Disposal Group to the Remaining Group prior to the Disposal Completion, being one of the conditions precedent of the Disposal Agreement.

(b) Consideration for the Disposal under the Disposal Agreement

Pursuant to the Disposal Agreement (supplemented by the Disposal Supplemental Agreement date 18 April 2016), the Disposal Consideration is HK$887,247,000 (subject to adjustments). Such amount of HK$887,247,000 is the sum of (i) the Disposal Group NAV as at 30 June 2015; (ii) the estimated amount of the Disposal Loan as at the Disposal Completion Date; and (iii) the adjustment to reflect the fair value of the Hong Kong Office.

Pursuant to the Disposal Agreement, the Disposal Consideration is subject to the adjustments which included (i) the fair value adjustment of the Hong Kong Office and the Bali Investment based on the valuation reports by an independent valuer as at the date of the Disposal Completion Accounts (i.e. 31 March 2016); and (ii) the Disposal Group NAV as shown in the Disposal Completion Accounts, and is determined with reference to, among others, the unaudited carrying amount of the Disposal Loan as at 31 March 2016 and the unaudited net assets value of the Disposal Group as at 31 March 2016 including, among others, the Hong Kong Office and the Bali Investment.

The Final Disposal Consideration shall be satisfied in the following manner:

(i) the Disposal Group NAV as shown in the Disposal Completion Accounts and the fair value adjustments of the Hong Kong Office, and the Bali Investment being the final consideration amount for the Disposal Shares shall be settled by way of cheque/cashier order payable to and drawn in favour of the Company/telegraphic transfer to the Company's designated account; and

(ii) the distribution amount of the Second Special Dividend as entitled by the Disposal Purchaser as dividend receivable shall be applied to set-off the Disposal Loan on a dollar-for-dollar basis. Alternatively, the Disposal Loan shall be settled by cheque drawn in favour of the company/telegraphic transfer to the Company's designated account.

Based on the Second Special Dividend receivable by the Disposal Purchaser of approximately HK$426.8 million (based on the Second Special Dividend of HK$3.085 per Share) and the Disposal Loan of approximately HK$205.0 million, the amount of the Second Special Dividend receivable by the Disposal Purchaser is sufficient to set-off the Disposal Loan in full.

For the avoidance of doubt, in the event that the Final Disposal Consideration is different from the Disposal Consideration of HK$887,247,000 as stipulated in the Disposal Agreement, the Disposal Purchaser's final and binding obligation to pay to the Company for the Disposal shall be the aggregate of (i) the Disposal Group NAV as stated in the Disposal Completion Accounts; (ii) the fair value adjustments of the Hong Kong Office and the Bali Investment based on their respective valuation as at 31 March 2016; and (iii) the Disposal Loan on a dollar-for-dollar basis as at 31 March 2016 as the Final Disposal Consideration but not the Disposal Consideration of HK$887,247,000.

6. *Evaluation of the Disposal Consideration*

Given the fact that the Disposal Group comprises principally three distinctive businesses together with the Bali Investment, other investments and other net assets value, we consider it appropriate to assess the value of each business, the Bali Investment, other investments and other net assets value separately for the purpose of evaluating the Disposal Group NAV (on which the Final Disposal Consideration will be based) as below:

(i) net assets in relation to the Fishmeal Trading Business;

(ii) net assets in relation to the HK Property Investment Business;

(iii) net liabilities in relation to the Agency Service Business; and

(iv) the carrying value in relation to the Bali Investment, other investments and other net assets value.

The Company represented that:

(i) For the purpose of determining the Final Disposal Consideration, the Hong Kong Office and the Bali Investment are subject to fair value adjustment as the respective book cost of the above two assets may be substantially different from their respective fair value. According to the Disposal Group NAV as at 31 December 2015, the Hong Kong Office was used as the office premise of the Company and thus, was recorded at cost less subsequent accumulated depreciation and impairment loss (if any). Also, the Bali Investment was recorded as available-for-sale financial assets at cost less impairment (if any).

(ii) Other than the Hong Kong Office and the Bali Investment set out above, there is no material difference between the carrying value and the fair value of the assets of the Disposal Group, in particular, all the Hong Kong Investment Properties had been recorded as investment properties and had been recorded at their fair value in the Disposal Group NAV as at 31 December 2015.

According to the "Accountant's Report of the Group" in Appendix II to the Circular, the Disposal Group NAV as at 31 December 2015 was approximately HK$584.3 million. As disclosed in the Letter from the Board, details of the net assets value are as below:

	As at 31 December 2015
	HK$' million
Net assets of the Fishmeal Trading Business	184.3
Net assets of the HK Property Investment Business	383.0
Net liabilities of the Agency Service Business	(11.3)
Bali Investment, other investments and other net assets value which had been recorded at cost	28.3
	584.3
Disposal Consideration attributable to the Disposal Loan as per the Supplemental Agreement	205.0

The Final Disposal Consideration, based on (i) the fair value adjustment of the Hong Kong Office of approximately HK$49.4 million, and the Bali Investment of approximately HK$0.2 million as at 31 March 2016; (ii) the Disposal Group NAV as at 31 March 2016; and (iii) the Disposal Loan as at 31 March 2016, is calculated to be approximately HK$798.0 million.

(a) Fishmeal Trading Business

We note that the relevant parties had determined the Disposal Consideration based on the net assets value of the Fishmeal Trading Business. According to the Letter from the Board, the net assets value of the Fishmeal Trading Business was approximately HK$184.3 million as at 31 December 2015 which comprises of:

	HK$' million
Trade and other receivables	183.6
Cash and bank balances and restricted bank deposit	83.3
Fishmeal inventories	70.3
Trade and other payables	(54.6)
Net amount due to other member(s) of the Disposal Group	(97.5)
Others	(0.8)
Net assets value	184.3

By nature, except for the fishmeal inventories, the carrying values of all the other assets and liabilities, should not be substantially different from their respective fair values.

The Directors advised that the carrying value of the fishmeal inventories as a whole as at 31 December 2015 was approximately HK$70.3 million which was not materially different from the market value. According to the "Accountant's Report of the Group" in Appendix II to the Circular, the Group had made an allowance for inventories of approximately HK$4.2 million for the year ended 31 December 2015. As advised by the Directors, the provision was made to write down the value of the fishmeal inventories to its lower net realisable value. In other words, the carrying value of the fishmeal inventories as a whole as at 31 December 2015 did not materially differ from its market value as at 31 December 2015.

The Directors further advised that as the market price of the fishmeal had not fluctuated much between 31 December 2015 and 31 March 2016, the market value of the fishmeal inventories as a whole as at 31 March 2016, the date of the Disposal Completion Accounts, was not materially different from their then carrying value. The price trend of the fishmeal products published by a number of websites providing information of the animal feeds in the PRC market generally support the above representation. Among these and in particular, the market price of Peruvian premium grade fishmeal products in the PRC market moved around ups and downs within the band of approximately (i) RMB11,800 to RMB12,500 per metric ton according to the website of http://www.feedtrade.com.cn ("**Feedtrade**", 中國飼料行業資訊網); and (ii) RMB12,100 to RMB12,600 per metric ton according to the website of http://www.jcichina.com/("**JCI China**", 中國匯易) between 31 December 2015 and 31 March 2016 without material fluctuation. In the same period, the market price of Peruvian ordinary grade fishmeal products in the PRC market remained fairly stable within the band of approximately (i) RMB10,300 to RMB10,900 per metric ton according to the website of Feedtrade; and (ii) RMB10,600 to RMB10,800 per metric ton according to the website of JCI China. In this regard, the carrying value of the fishmeal inventories as at 31 March 2016 is not materially different from its market value.

We also note that the relevant parties to the Disposal Agreement did not adopt PE Ratio to evaluate the Fishmeal Trading Business in determining its value. Management is concerned with the deteriorating performance of the Fishmeal Trading Business with a segment loss for the year ended 31 December 2015, and thus the application of PE Ratio might involve a substantial judgement with respect to the future performance of the Fishmeal Trading Business which is uncertain at the moment due to the undetermined date of fishing ban release and anchovy fishing quota in Peru as disclosed in the 2015 Annual Report. The Board is also of the view that there would be a continuously challenging environment for the Fishmeal Trading Business in the foreseeable future.

While we concur with the Directors' view that it is acceptable for the valuation to be based on the net assets value of the Fishmeal Trading Business, we also consider the earnings-based valuation methodology which is the most commonly used valuation benchmark for a company principally engaged in trading business.

We reviewed the performance of the Fishmeal Trading Business in the last five years. It had troughs of loss making in both of the years ended 31 December 2011 and 2015 whereas the three years in between were profit making. In particular, for the financial results of the most recent three years covered in the "Accountant's Report of the Group" in Appendix II to the Circular, trading results were profitable for each of the two years ended 31 December 2013 and 2014 with segment profit of approximately HK$41.4 million and approximately HK$45.8 million, respectively. However, performance of the Fishmeal Trading Business had deteriorated which recorded a segment loss of approximately HK$11.7 million for the year ended 31 December 2015. For the purpose of evaluating the Fishmeal Trading Business, we have taken the average earnings for the most recent three years and it amounted to an average segment profit of approximately HK$25.2 million.

After taking into account the business scale and scope between the Company's Fishmeal Trading Business and the potential comparables' businesses, we have identified four companies (the "**Comparables**") listed on the Main Board of the Stock Exchange which are engaging in trading/manufacturing of animal feed products. Due to the uniqueness of the business nature, we are unable to identify any listed company which is principally engaging in trading of fishmeal products. Nevertheless, we are of the view that animal feed products shall be a relevant and appropriate reference as fishmeal is a primary ingredient for some of the animal feed products. The Comparables represent a complete and exhaustive list of the companies identified by us. Details of their PE Ratios are as below:

Company name	**Principal business**	**Market capitalisation** *(HK$ million)* *(Note 1)*	**Profit/(loss) for the year attributable to the owners of the listed companies from continuing operation** *(HK$ million)*	**PE Ratio** *(Note 2)*
C. P. Pokphand Co. Ltd. (stock code: 43)	Manufacture and sale of animal feed products; breeding, farming and sale of livestock, aquatic animals and value-added processed food products, chlortetracycline products, motorcycles and automotive parts, trading of Caterpillar machinery	14,443.1	1,880.0	7.7
Leyou Technologies Holdings Ltd. (stock code: 1089)	Trading and manufacturing of animal feeds, chicken meat products and chicken breeds	3,011.9	(100.7)	N/A
Pacific Andes International Holdings Ltd. ("**Pacific Andes**"; stock code: 1174)	Processing of fishing and fishmeal, operation of fishing vessels, global sourcing, processing of onshore and international distribution of a variety of frozen seafood products, trading of marine fuel and provision of shipping and agency services	1,034.1	485.8	2.1
DaChan Food (Asia) Ltd. (stock code: 3999)	Manufacturing and trading of livestock feeds, poultry and chilled meat and processed food	752.0	(189.4)	N/A
Maximum		14,443.1	1,880.0	7.7
Minimum		752.0	(189.4)	2.1
Average		**4,810.3**	**518.9**	**4.9**
Fishmeal Trading Business		**184.3** *(Note 3)*	**25.2**	**7.3**

Source: Bloomberg

Notes:

1. The market capitalisation amounts were based on the respective closing price of the shares and the number of issued shares of the Comparables (except for Pacific Andes) as at 21 January 2016, the date of Disposal Agreement. The data for Pacific Andes was based on the relevant data on the last trading day before its suspension since 26 November 2015.

2. PE Ratios of the Comparables are calculated based on their respective market capitalisation divided by their respective profit attributable to their owners from continuing operation as extracted from their respective latest published annual results. PE Ratios for two of the Comparables are stated as "N/A" as they were loss-making.

3. It represents net assets of the Fishmeal Trading Business as at 31 December 2015.

The PE Ratios for the Comparables range from approximately 2.1 times to 7.7 times with an average of approximately 4.9 times. The net assets value of the Fishmeal Trading Business, which is the basis adopted to determine the Disposal Consideration under the Disposal Agreement, was approximately HK$184.3 million as at 31 December 2015. In this regard, the implied PE Ratio of the Fishmeal Trading Business would be approximately 7.3 times which is within the range and higher than the average of the PE Ratio of the Comparables.

In light of the above, we consider that it is acceptable to determine the Disposal Consideration based on the net assets value of the Fishmeal Trading Business (which constitutes part of the Disposal Group) after taken into account the following:

(i) the carrying value of all the balance sheet items (except for the fishmeal inventories) of the Fishmeal Trading Business, by nature, should not be substantially different from their fair value;

(ii) there was no material difference for the carrying value and the market value of the fishmeal products as at 31 December 2015 and 31 March 2016; and

(iii) the implied PE Ratio deriving from the net assets value of the Fishmeal Trading Business is still within the range and higher than the average of the PE Ratios of the Comparables.

(b) HK Property Investment Business

As disclosed in the Letter from the Board, the net assets value of the HK Property Investment Business as at 31 December 2015 was approximately HK$383.0 million.

According to the management accounts as at 31 December 2015, we note that the net assets value of the HK Property Investment Business mainly represents the aggregate value of (i) properties; (ii) receivables and payables; (iii) cash and bank balances; (iv) borrowings; and (v) amount due from/to other member(s) of the Disposal Group. By nature, except for the properties, all the carrying value of the items should not be substantially different from their respective fair value.

The Directors advised that the properties include the Hong Kong Investment Properties and the Hong Kong Office which are the major assets of the HK Property Investment Business. Pursuant to the accounting policies of the Group, the Hong Kong Investment Properties are measured at their fair values. The Hong Kong Office is currently used as the office premise of the Company and has been recorded as fixed asset at cost less subsequent accumulated depreciation and impairment loss (if any). As a result, for the purpose of determining the Final Disposal Consideration, only the Hong Kong Office is subject to the fair value adjustment. In other words, all the Hong Kong Investment Properties and the Hong Kong Office will be disposed of at their fair value as at 31 March 2016, date of the Disposal Completion Accounts.

The Company engaged Asset Appraisal Limited (the "**Valuer**"), an independent valuer to value the Hong Kong Investment Properties and the Hong Kong Office for which the valuation report (the "**Properties Valuation Reports**") was set out in Appendix IV to the Circular, and for which a summary of the fair values as at 31 March 2016 according to the Properties Valuation Reports is set out below:

	Property	**Fair value as at 31 March 2016** *(HK$ million)*
1	Shop Nos. G55 to G58 on G/F of Site A, Park Lane Shopper's Boulevard, Nos.111–139, 143–161 & 165–181 Nathan Road, Kowloon	303.3
2	Flat A2 on G/F, Nos. 479 & 481 Hennessy Road, No.29 Percival Street, Hong Kong	73.9
3	Portion A3 and A4 of Shop A on G/F, Wing Wah Building, Nos.14–24 Sai Yeung Choi Street South, 40P Shantung Street, Kowloon	64.7
4	Flat No.04 on 18th Floor, Apartment Tower on the Western Side, Convention Plaza, No.1 Harbour Road, Hong Kong	27.5
5	Carpark Space No. P20 on 2nd Floor, King Kong Commercial Centre, No.9 Des Voeux Road West, Hong Kong	1.3
6	Unit F on 57th Floor, The Masterpiece, K11, No.18 Hanoi Road, Kowloon	30.0
7	Unit D on 26th Floor, United Centre, No.95 Queensway, Hong Kong (i.e. the Hong Kong Office)	90.1

We draw the attention of the Independent Shareholders to the full text of the Properties Valuation Reports in Appendix IV to the Circular. According to the Properties Valuation Reports, the fair value of the Hong Kong Investment Properties as at 31 March 2016 was approximately HK$500.7 million which will be taken into account in the Disposal Completion Accounts. The fair value of the Hong Kong Office as at 31 March 2016 was approximately HK$90.1 million and its respective carrying value was approximately HK$40.7 million. The difference in the amount of approximately HK$49.4 million will be treated as the fair value adjustment to the Final Disposal Consideration with respect to the Hong Kong Office.

For our due diligence purpose, we reviewed the Valuer's qualification and experience in relation to the performance of the valuation. From the information provided by the Valuer, we understand that the Valuer provides professional appraisal service of tangible and intangible assets, land & buildings, plant & machinery in Hong Kong, the PRC and overseas. The executive signing the Properties Valuation Reports is a member of the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. The executive is also on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institutes of Surveyor, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' valuation experience on properties in Hong Kong, Macau and the PRC. Further details of the qualifications and experiences of the executive who signed the Properties Valuation Reports are disclosed in the Properties Valuation Reports set out in Appendix IV to the Circular. The Valuer confirmed that it is an independent third party to the Company.

In addition, we also reviewed the terms of the Valuer's engagement and noted that the purpose of which is to prepare the Properties Valuation Reports, and provide the Company with the opinion of market value as at 31 March 2016 on the Hong Kong Investment Properties and the Hong Kong Office. The engagement letter also contains standard valuation scopes that are typical for property valuation carried out by independent property valuers.

We also enquired with the Valuer regarding the methodology, basis and assumptions adopted in the valuation, details of which were contained in the Properties Valuation Reports set out in Appendix IV to the Circular. The valuation has been prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013. The valuation represents the market value of the Hong Kong Investment Properties and the Hong Kong Office in an arm's length transaction.

For the Hong Kong Investment Properties and the Hong Kong Office, it is noted that both investment approach and direct comparison approach are adopted as the valuation methodology. According to the Properties Valuation Reports, except for two residential apartments being vacant, all the Hong Kong Investment Properties are currently subject to tenancy agreements.

For the properties subject to tenancy agreements, the investment approach is adopted based on the net rental income that can be generated from these properties under the master lease to be executed for these properties with due allowance on the reversionary interest upon expiry of the master lease.

The currently vacant residential apartments are situated in the Convention Plaza in Harbour Road of Hong Kong and the Masterpiece in Hanoi Road of Kowloon. Direct comparison approach is adopted to value these vacant residential apartments by making reference to comparable sales evidence available in the relevant market with relevant adjustments between the subject properties and the comparable properties. We note that since the two properties are located in prime residential areas, the market for similar properties in the same location is transparent which enables the Valuer with sufficient current reference of market data for its valuation. This makes it appropriate to adopt the direct comparison approach for the valuation of the two vacant residential investment properties.

For the Hong Kong Office, it is owner occupied according to the Properties Valuation Reports. The Valuer advised that it is situated in United Centre of Queensway in Admiralty. We note that the property is located in prime office/ commercial location. The market for similar property in the same location is transparent which enable the Valuer with sufficient current reference of market data for its valuation. This also renders it to be appropriate to adopt the direct comparison approach for the valuation of the Hong Kong Office.

The Valuer also represented that both investment approach and direct comparison approach are the most accepted valuation approach for valuing investment properties and/or self-occupied properties. Given the fact that the Hong Kong Investment Properties and the Hong Kong Office are either subject to tenancy agreements or located in prime residential/commercial areas with current and transparent transactions as valuation bases, we concur that it is appropriate to adopt both investment approach and direct comparison for the valuation of the Hong Kong Investment Properties and the Hong Kong Office.

Based on the foregoing, we consider that the methodologies, basis and assumptions adopted in the valuation are fair and reasonable. We are of the view that the values of the Hong Kong Investment Properties and the Hong Kong Office are fairly deduced and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

In summary, we consider that the Disposal Consideration to be arrived at based on the net assets value of the HK Property Investment Business (which constitutes part of the Disposal Group) is fair and reasonable given the fact that the properties are valued based on their market value which are derived from an independent property valuation.

(c) Agency Service Business

The Agency Service Business represents property management service and leasing consulting services provided in the PRC. Such business was initially established in connection with the Group's properties investment business in the PRC.

The Directors advised that for the years ended 31 December 2013 and 2014, the Agency Service Business incurred a net loss of approximately HK$0.6 million and a net profit of approximately HK$0.2 million, respectively. According to the management accounts of the Disposal Group for the year ended 31 December 2015, the Agency Service Business incurred a net loss of approximately HK$1.2 million. As disclosed in the Letter from the Board, the net liabilities of the Agency Service Business as at 31 December 2015 was approximately HK$11.3 million. The net liabilities mainly represented (i) the amount due to other members of the Disposal Group; and (ii) some minimal value of fixed assets and cash and bank balances. The amount due to other members of the Disposal Group will have no effect on the net assets value of the Disposal Group as a whole because it will be eliminated on the level of the Disposal Group. After such elimination, there is minimal net assets value for the Agency Service Business, which renders insignificant impact to the Final Disposal Consideration.

(d) Investments and other net assets value

Bali Investment

According to the valuation report of the Bali Investment (the "**Bali Investment Valuation Report**") in Appendix IV to the Circular and advised by the Directors, the Group's interest in the Bali Investment is through its 9.74% equity interests in CBR Hospitality Pte. Ltd ("**CBR**"). CBR is an investment holding company incorporated in Singapore for the purpose of sponsoring entities in Indonesia for hotel development and operations. Its assets primarily consist of the Bali Investment.

The Directors advised, after obtaining the legal opinion, that the Bali Investment represents CBR's investment in three project companies through either loans or equity investment and as at 31 March 2016, one of the investments was in the form of equity while the other two investments were in the form of loan. According to the Bali Investment Valuation Report and advised by the Directors, subject to the fulfilment of prescribed criteria and prior approvals from the relevant Indonesian government authorities, CBR is entitled to convert each of the two loans to equity investment in each of the project companies. The Directors confirmed that CBR has not made any application to the relevant Indonesian government authorities and does not have any intention to convert the two loans to equity investments in the two project companies as at the Latest Practicable Date.

According to the Bali Investment Valuation Report in Appendix IV to the Circular and advised by the Directors, each of the three project companies possess right to develop a hotel in Bali. Among the three hotel projects, one of them has been fully operating since June 2015; the other one is currently under construction and is scheduled for completion by end of 2016; and the remaining one is still in the preliminary stage which construction work has yet to commence.

The Group's interest in CBR was recorded as available-for-sale financial assets at cost less impairment, if any, as at 31 December 2015 according to the "Accountants Report on the Group" in Appendix II to the Circular. In particular, the Group's interest in CBR was approximately HK$10.5 million as at 31 December 2015 and 31 March 2016.

For the purpose of the Disposal, it has been agreed between the Company and the Disposal Purchaser that there will be an adjustment to the Final Disposal Consideration to reflect the fair value of the Bali Investment if it is above its respective carrying value. In this connection, the Company has engaged the Valuer to assess the market value of the three project companies as at 31 March 2016 so as to ascertain if there will be any such adjustment. As CBR's assets mainly represent the Bali Investment (i.e. the hotel projects) according to the Bali Investment Valuation Report, we concur with the Directors to assess the fair value of the Group's interest in CBR by referring to 9.74% of the net assets of CBR which together with the adjustment will be able to capture the fair value of the three hotel projects as at 31 March 2016 according to the Bali Investment Valuation Report. Based on the fair value of the three project companies as at 31 March 2016, it is expected that there will be an upward adjustment of approximately HK$0.2 million to the Final Disposal Consideration which is shown as below:

	HK$' million
Fair value of 100% of equity interest of CBR as at 31 March 2016	110.6
The Group's equity interest percentage in CBR	9.74%
Fair value of CBR attributable to the Group's interest in CBR per the Bali Investment Valuation Report	10.7
Carrying value of the Group's interest in CBR as per the Disposal Completion Accounts	10.5
Fair value adjustment to the Final Disposal Consideration attributable to the Bali Investment	0.2

As shown in the above table, there is an excess of the market value over the carrying value of the three hotel projects investments as reflected in the net assets of CBR as at 31 March 2016, accordingly, 9.74% of which will be treated as an adjustment to increase the Final Disposal Consideration. In other words, the Bali Investment will be disposed of at its fair value as at 31 March 2016, date of the Disposal Completion Accounts. On the basis of this dollar-for-dollar adjustment mechanism, we consider that the Final Disposal Consideration will be properly accounted for the fair value of the Bali Investment.

Other investments and other assets and liabilities

As advised by the Directors, as at 31 December 2015, other investments and other net assets value of the Disposal Group comprise (i) contribution of US$3.5 million (approximately HK$27.3 million) to a close-ended private equity fund which was stated at cost; (ii) listed debt securities held for trading of approximately HK$198.8 million which were stated at fair value; (iii) cash and bank balances of approximately HK$161.2 million; (iv) club debentures of approximately HK$1.9 million which were stated at fair value; (v) amount due from/to other members of the Disposal Group and amount due to the Remaining Group; and (vi) other miscellaneous assets and receivables.

We concur with the Directors that, except for the contribution to the close-ended private equity fund, the carrying values of the investments and other net assets value of the Disposal Group shall not be materially different from their respective fair values.

For the contribution of US$3.5 million to the close-ended private equity fund, the Directors advised that (i) the fund had invested in full in a series of senior secured bonds with the term of two years and the interest rate of 12% per annum; (ii) the fund does not have a quoted market price in an active market; and (iii) the interest and the principal amount are payable on the maturity date. We concur with the Directors that the value of such investment in the private equity fund has been fairly stated as (i) the fund only invests in bonds; and (ii) there was no active market for the fund.

In light of the above, we consider that there shall be no material differences between the carrying values and the fair values of the investments and other net assets value of the Disposal Group and thus, the Final Disposal Consideration with respect to the investments and other net assets value to be arrived at based on the net assets value is fair and reasonable.

(e) Disposal Loan

According to the unaudited pro forma financial information of the Remaining Group in the Appendix III to the Circular, as at 31 December 2015, there was an amount due to Remaining Group of approximately HK$565.6 million. The Disposal Group subsequently settled approximately HK$360.6 million to the Remaining Group leaving an amount of approximately HK$205.0 million which constitutes the Disposal Loan. According to the Supplemental Agreement, the Disposal Loan was approximately HK$205.0 million after taking into account the dollar-for-dollar subsequent settlements from the Disposal Group. In other words, the outstanding amount due to Remaining Group shall be settled in full by cash or by way of assignment of the Disposal Loan of approximately HK$205.0 million to the Disposal Purchaser.

According to the Letter from the Board, it was agreed between the Disposal Purchaser and the Company that the Remaining Group shall be able to settle any money payable by the Remaining Group to the Disposal Purchaser (i.e. the Second Special Dividend) by way of setting-off the indebtedness (i.e. the Disposal Loan) owed by the Disposal Purchaser to the Remaining Group upon Disposal Completion (i.e. the Setting-off Arrangement). As set out in the Letter from the Board, the Final Disposal Consideration is confirmed at HK$798.0 million.

Pursuant to the Disposal Agreement, the Final Disposal Consideration will take into account (i) the unaudited carrying amount of the Disposal Loan as at 31 March 2016; and (ii) the distribution amount of the Second Special Dividend entitled by the Disposal Purchaser, which will be set-off under the Setting-off Agreement on a dollar-for-dollar basis. Alternatively, the Disposal Loan shall be settled by cheque drawn in favor of the Company/telegraphic transfer to the Company's designated account.

Conclusion

As set out above, the Disposal Consideration of HK$887,247,000 was determined based on the financial information as at 30 June 2015. It represents the sum of (i) the Disposal Group NAV as at 30 June 2015; (ii) the estimated amount of the Disposal Loan as at the Disposal Completion Date; and (iii) the adjustment to reflect the fair value of the Hong Kong Office.

However, the Final Disposal Consideration will be based on the financial information as at 31 March 2016. It represents the aggregate of (i) the Disposal Group NAV as at 31 March 2016; (ii) the Disposal Loan as at 31 March 2016; and (iii) the adjustments to reflect the fair values of the Hong Kong Office and the Bali Investment as at 31 March 2016.

We consider that the basis for the Final Disposal Consideration is fair and reasonable after taking into account the following:

(i) It is appropriate to determine the Disposal Consideration based on the net assets value of the Disposal Group as a whole as a) the implied PE Ratio of the Fishmeal Trading Business based on its net assets value would be within the range of the PE Ratios of the Comparables; b) the HK Property Investment Business is asset-based business with properties being the major assets; and c) there has been minimal business activities and insignificant net assets for the Agency Service Business. The Final Disposal Consideration has been based on the same basis per aforesaid.

(ii) The Hong Kong Investment Properties, the major assets of the Disposal Group, have been recorded at their market value as shown in the Disposal Completion Account based on the valuation prepared by the Valuer.

(iii) There has been an adjustment to the Final Disposal Consideration to reflect the fair value of the Hong Kong Office at its market value as at 31 March 2016 based on the valuation prepared by the Valuer.

(iv) There has been an adjustment to the Final Disposal Consideration to reflect the fair value of the Bali Investment as at 31 March 2016 based on the Bali Investment Valuation Report prepared by the Valuer on the hotels projects which are the principal assets under the Bali Investment.

(v) Other than the Hong Kong Office and the Bali Investment, the carrying value of all other assets (including the Disposal Loan) of the Disposal Group included in the Disposal Group NAV as at 31 March 2016 as shown in the Disposal Completion Account are not materially different from its fair value.

Financial effects of the Disposal

(a) Earnings

Upon the completion of the Disposal, the combined income statements of the Disposal Group will no longer be consolidated into the consolidated income statement of the Group going forward. As stated in the unaudited pro forma consolidated income statement of the Remaining Group set out in Appendix III to the Circular, assuming that the Disposal had been completed on 31 December 2015, the profit for the year attributable to owners of the Company of approximately HK$1.7 million for the year ended 31 December 2015 would increase to approximately HK$100.8 million. Also, there was an estimated gain on Disposal of approximately HK$63.7 million. Such gain would improve the accounting net profit of the Remaining Group.

For further details, please refer to the unaudited pro forma consolidated income statement of the Remaining Group as set out in Appendix III to the Circular.

(b) Net assets

Upon the Disposal Completion, the combined balance sheet of the Disposal Group will no longer be consolidated into the consolidated balance sheet of the Remaining Group going forward. Assuming that the Disposal, the First Special Dividend and the Second Special Dividend had taken place on 31 December 2015, the total assets would decrease from approximately HK$1,810.2 million to approximately HK$601.2 million. The total liabilities would decrease from approximately HK$274.6 million to approximately HK$95.0 million. As a result, the net assets would decrease from approximately HK$1,535.6 million to approximately HK$506.2 million.

Please refer to the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to the Circular for further details.

(c) Cash resources

Subject to obtaining the Independent Shareholders' approval of the Second Special Dividend, which is one of the conditions precedent to the Disposal Completion, the gross proceeds from the Disposal of approximately HK$887.2 million (subject to adjustment) will largely be utilised by the Company for the pay out of the Second Special Dividend. The Second Special Dividend of approximately HK$807.3 million will provide a substantial and immediate cash realisation to Shareholders from the outcome of the Disposal.

As stated in the Letter from the Board, based on information available and taking into account the First Special Dividend and Second Special Dividend, the Board is of the view that the Remaining Group will have sufficient working capital upon the Disposal Completion.

B. First Special Dividend, Second Special Dividend and Setting-off Arrangement

As set out in the Letter from the Board under the section headed "C. Disposal Agreement, Disposal Special Deal, Second Special Dividend and Setting-off Arrangement":

(i) The Board proposes a First Special Dividend of HK$1.223 to all the qualifying Shareholders in cash from the existing internal financial resources.

(ii) The Board also proposes a Second Special Dividend of HK$3.085 to all the qualifying Shareholders. Other than the Setting-off Arrangement described below, all the Second Special Dividend will be paid in cash from the substantial part of the gross proceeds from the Disposal. In this regard, the Second Special Dividend will provide a substantial and immediate cash realisation to Shareholders from the outcome of the Disposal.

(iii) The Disposal Loan will be set off by the amount entitled under the Second Special Dividend by the Disposal Purchaser as its capacity being one of the Company's shareholders (i.e. the Setting-off Arrangement). Based on the Second Special Dividend per Share of HK$3.085, the Disposal Purchaser will be entitled to approximately HK$426.8 million for its 52.87% beneficial interest in the Company as at the Latest Practicable Date. As such, it is sufficient to set off with the Disposal Loan of approximately HK$205.0 million as at the date of the Disposal Agreement.

As set out in the Letter from the Board, the Disposal Completion is conditional upon, among others, the Company having obtained the Independent Shareholders' approval for the First Special Dividend, Second Special Dividend and the Setting-off Arrangement.

The First Special Dividend and the Second Special Dividend will provide an opportunity for the Independent Shareholders to realise their investment in the Company at a combined price of HK$4.308 per Share. Also, the First Special Dividend and the Second Special Dividend will be distributed to all the qualifying Shareholders on equal basis.

As set out in the Letter from the Board, based on the information available and taking into account the First Special Dividend and the Second Special Dividend, the Board is of the view that the Remaining Group will have sufficient working capital upon the Disposal Completion.

Based on the above, we consider that the First Special Dividend, the Second Special Dividend and the Setting-off Arrangement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

C. The Lease Agreement

As stated in the Letter from the Board, on 21 January 2016, Shanghai Zenith, a wholly-owned subsidiary of the Disposal Group, entered into the Lease Agreement with a member of the Remaining Group for the lease of Shanghai Property for a period of six months commencing from the Disposal Completion Date for a monthly rent income for the Group of RMB27,400.

The transaction under the Lease Agreement constitutes a special deal (i.e. the Lease Extension Special Deal).

Principal factors and reasons considered

In formulating our recommendation, we have reviewed, among other things, (i) the Lease Agreement; and (ii) the fair rental letter of the Shanghai Property issued by the Valuer. We have discussed with the Valuer about the basis, assumptions and methodology for their valuation. According to the Letter form the Board, the Lease Agreement is a transitional post completion arrangement to facilitate the disposal of the Disposal Business as the Shanghai Property is currently being occupied as the office for the Fishmeal Trading Business and was entered into by the Group in the normal commercial terms.

The following table sets out the principal terms of the Lease Extension:

Parties	Shanghai Zenith Trading Company Limited (as lessee); and 博平置業(上海)有限公司 (Poppins Property (Shanghai) Company Limited) (as lessor)
Premises under the Lease Extension	Shanghai Property (i.e. Units 6D and 6E, Merry Tower, No. 168 Zhenning Road, Jingan District, Shanghai, the PRC)
Usage of the leased premises	Composite purpose
Lease duration	Six months commencing from Disposal Completion Date

Monthly rent	RMB27,400
Option to renew	Subject to lessor's discretion with at least two month notice from lessee prior to the end of leasing period. Renewal terms to be mutually agreed with new agreement to be entered into by lessee and lessor.

Evaluation of the monthly rental under the Lease Extension

The Company engaged the Valuer to provide the opinion on the monthly rental value of Shanghai Property under the Lease Agreement. For our due diligence purpose, we reviewed and enquired the Valuer's qualification and experience in relation to the performance of the valuation which was included in the sub-section headed "HK Property Investment Business".

Based on the fair rental letter of the Shanghai Property and our discussion with the Valuer, in arriving the opinion, the Valuer has made reference to similar properties at the vicinity, an approach which is commonly used for assessing the fairness and reasonableness of rent for a tenancy. Accordingly, the Valuer is of the opinion that the market monthly rental of the Shanghai Property as at the date of the Lease Agreement is RMB25,700 (inclusive of management fees but exclusive of government tax and other outings).

According to the Lease Agreement, the monthly rental of the Shanghai Property is RMB27,400 (inclusive of management fees and government tax but exclusive of other outings). The Directors advised that such rental amount of RMB27,400 comprises (i) RMB25,935 for monthly rental and management fee of the premise; and (ii) RMB1,465 for taxes. The monthly rental and management fee of RMB25,935 under the Least Agreement is comparable to the market monthly rental per the fair rental letter by the Valuer with same terms. For the amount of RMB1,465, it represents (i) 5% sales tax on the rental and management fee of the premise; and (ii) other miscellaneous taxes (such as city construction maintenance tax (城市維護建設稅), education fee surcharges (教育費附加) and others) which are based on the amount of the sales tax. We concur with the Directors that the amount for the taxes under the Lease Agreement is reasonable.

In light of the above, we concur that the monthly rental and the terms under the Lease Agreement (i.e. the Lease Extension Special Deal) are fair and reasonable.

RECOMMENDATIONS

We consider that the proposal which includes the Share Offer of HK$3.998 per Share, the First Special Dividend of HK$1.223 per Share and the Second Special Dividend of HK$3.085 per Share, totalling to HK$8.306 per Share, provides the Independent Shareholders an opportunity to realise their investment in the Company at a premium of no less than 46.2% over the closing price of HK$5.680 per Share as at the Last Trading Day. The current Share price may or may not sustain at this level should the proposal fail to materialize.

In addition, the Lease Agreement, being a special deal, was based on the market lease value with market comparable terms according to the valuation report by the Valuer.

Based on our analysis on the Disposal Consideration as set out in the above sections, we are of the opinion that (i) the terms of the Disposal Agreement, the Setting-off Arrangement and the Lease Agreement are on normal commercial terms and fair and reasonable, but the Disposal Agreement and the Setting-off Arrangement are not in the ordinary and usual course of business of the Group due to its "one-off" nature; and (ii) the entering into of the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement and the Lease Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Disposal Agreement, the First Special Dividend, the Second Special Dividend, the Setting-off Arrangement, the Lease Agreement, and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of
VMS Securities Limited
Nick Man
Managing Director
Corporate Finance

Mr. Nick Man is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of VMS Securities Limited to carry on Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Nick Man has over 10 years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information on the Group for each of the three financial years ended 31 December 2015 is disclosed in the recent annual reports of the Company which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.greatchinaholdingsltd.com.hk/index_en.asp)

- pages 28 to 113 of the annual report of the Company for the year ended 31 December 2013 (http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0415/LTN20140415185.pdf)
- pages 27 to 107 of the annual report of the Company for the year ended 31 December 2014 (http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0413/LTN20150413249.pdf)
- pages 35 to 108 of the annual report of the Company for the year ended 31 December 2015 (http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0420/LTN20160420341.pdf)

2. INDEBTEDNESS STATEMENT

Statement of Indebtedness

At the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of approximately HK$109,727,000, all of which are secured by certain leasehold land and buildings and investment properties of the Group with a total carrying amount of approximately HK$841,774,000 as at 31 March 2016. They are also covered by cross guarantees arrangement issued by the Company and certain of its subsidiaries in respect of banking facilities granted to them.

Save as aforesaid, at the close of business on 31 March 2016, the Group did not have any outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, or hire purchase of financial lease commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

To the best of the Directors' knowledge, having made all reasonable enquiries, there are no material changes in the indebtedness or contingent liabilities of the Group since 31 March 2016 up to and including the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's present internal resources, present available bank facilities and the net proceed to be received from the Disposal as well as the payment of the First Special Dividend and Second Special Dividend, and in the absence of unforeseen circumstances, the Group will, following completion of the

Disposal Agreement and the payment of the First Special Dividend and Second Special Dividend, have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015 the date to which the latest audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

The Remaining Group currently engaged in operating the Remaining Business which principally involves property investment business in Shanghai and sales of properties business in Shanghai and Hainan Province of the PRC. Please refer to the section headed "Information on the Remaining Group and the Remaining Business" set out in the letter from the Board contained in this circular for further details about the aforementioned business development plan of the Remaining Group.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Prior to the Disposal, the Group consists of the Company and its subsidiaries, which the Remaining Group forms a part. Following the Disposal, the Remaining Group shall comprise the Company and its subsidiaries but exclude the Disposal Group. The management discussion and analysis of the Group for the three years ended 31 December 2015 are set out as follows:

(a) For the year ended 31 December 2013

Business Review

General Trading

For the year ended 31 December 2013, the revenue of general trading segment decreased to approximately HK$1,487 million. Affected by the unexpected fishing quota reduction at the end of 2012, the supply of fishmeal in the first half of 2013 reduced and fishmeal product price increased dramatically. However, the Peruvian government had announced a normal fishing quota for the summer 2013, which relieved the tight supply of fishmeal, following which the fishmeal prices started softening during the second half of 2013. The fishmeal prices became stabilized when the Peruvian government had published the winter fishing quota. Moreover, the unfavorable weather conditions in the PRC delayed the aquatic season and therefore the consumption of fishmeal reduced. Despite the weak market conditions, our strong team of traders managed to bring in a positive contribution to the Group.

The Group reacted to the volatile market by maintaining a conservative strategy to reduce the market risk. Despite that fishmeal product prices softened in the second quarter of 2013, the average selling price was still significantly higher than that of 2012. The drop in trading volume brought down the gross profit to approximately HK$57 million but this segment recorded a reasonable profit of HK$41 million for the year ended 31 December 2013 compared with approximately HK$59 million in last year.

Property Investment in Hong Kong

For the year ended 31 December 2013, the rental income of the investment properties in Hong Kong was approximately HK$15 million, which maintained at the same level as last year.

The investment properties were valued by an independent professional valuer and recorded fair value gain of investment properties of HK$2 million for 2013. This fair value gain and net rental income together have made a contribution of approximately HK$14 million to the Group's profit for the year ended 31 December 2013.

Property Investment in Mainland China

For the year ended 31 December 2013, rental income from the investment properties in the PRC was approximately HK$22 million, which was maintained at the same level as compared with last year.

The investment properties were valued by an independent professional valuer and recorded fair value gain of investment properties of HK$1 million for 2013. This fair value gain and net rental income together have made a contribution of approximately HK$15 million to the Group's profit for the year ended 31 December 2013.

Financial Review

Liquidity and Financial Resources

As at 31 December 2013, the Group's gearing ratio was approximately 7%, based on the Group's long term borrowings of approximately HK$136 million and total assets of approximately HK$1,980 million. The Group's current ratio was 2.91, calculated on the basis of current assets of approximately HK$928 million over current liabilities of approximately HK$319 million.

As at 31 December 2013, total restricted bank deposit, pledged bank deposits, structured bank deposits, bank balances and cash on hand were approximately HK$502 million. Total borrowings of the Group amounted to approximately HK$171 million, and there was no borrowings secured by bank deposit. The maturity profile of the Group's total borrowings falling within one year was approximately 20% and more than one year was approximately 80%.

Total borrowings included secured bank and other loans of approximately HK$171 million and there was no bills receivables discounted with full recourse. The Group's borrowings were denominated in United States dollars, Hong Kong dollars, Renminbi and Australian dollars.

Charges on Assets

As at 31 December 2013, the Group has available but not yet utilized banking facilities amounting to approximately HK$1,981 million. The Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the aforesaid facilities:

- Investment properties of approximately HK$808 million;
- Leasehold land and buildings of approximately HK$42 million;
- Pledged bank deposits: Nil;
- Structured bank deposits: Nil;
- Bills receivables: Nil; and
- Financial assets at fair value through profit and loss of approximately HK$90 million.

Foreign Exchange Exposure

Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars, Renminbi and Australian dollars. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against foreign exchange risks as and when necessary.

Significant Investments

During the year ended 31 December 2013, the Group did not have any significant investments.

Material Acquisitions or Disposals of Subsidiaries and Associated Companies

There were no material acquisitions or disposals of subsidiaries and no significant investment held during the year ended 31 December 2013.

Employee and Remuneration Policies

As at 31 December 2013, the total number of employees of the Group was 84 with staff costs, excluding directors' remuneration, amounting to HK$16,096,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

Contingent Liability

The Group had no material contingent liabilities as at 31 December 2013.

(b) For the year ended 31 December 2014

Business Review

General Trading

For the year ended 31 December 2014, the revenue of general trading segment decreased to approximately HK$1,296 million. The drop in trading revenue was due to the limited supply of fishmeal since the second half of 2014. In the first half of 2014, fishmeal prices remained firm and stable. In the last quarter of 2014, the Peruvian Institute for Marine Affairs found a high percentage of juvenile fish along the Peruvian coast, which led to a recommendation to keep Peru's second anchovy fishing season closed until biomass recovers. On 22 December 2014, the Peruvian Ministry of Production announced that the suspension of fishing activities of anchovy in the North-Centre Region until environmental conditions improve. As a result, the supply was limited by Peruvian's supply disruption and the price of fishmeal reached a record high.

Despite the unstable market condition, the Group maintained a conservative marketing strategy to minimise market risk. The Group generated a profit of approximately HK$46 million for the year ended 31 December 2014 compared with approximately HK$41 million in the previous year.

Property Investment in Hong Kong

For the year ended 31 December 2014, the rental income of the investment properties in Hong Kong was approximately HK$18 million, the increment was driven by positive rental reversions and higher occupancy.

The investment properties were valued by an independent professional valuer and recorded fair value gain on investment properties of approximately HK$17 million for 2014. This fair value gain and net rental income together have made a contribution of approximately HK$31 million to the Group's profit for the year ended 31 December 2014.

Property Investment in Mainland China

For the year ended 31 December 2014, rental income from the investment properties in the PRC was approximately HK$22 million, which was maintained at the same level as compared with last year.

The investment properties were valued by an independent professional valuer and recorded fair value gain on investment properties of approximately HK$44 million for 2014. This fair value gain and net rental income together with the reversal of un-utilised provision of direct expenses and taxes related to disposal of PRC properties in previous years have made a contribution of approximately HK$98 million to the Group's profit for the year ended 31 December 2014.

Financial Review

Liquidity and Financial Resources

As at 31 December 2014, the Group's gearing ratio was approximately 6%, based on the Group's long term bank borrowings of approximately HK$114 million and total assets of approximately HK$1,979 million. The Group's current ratio was approximately 4.50, calculated on the basis of current assets of approximately HK$896 million over current liabilities of approximately HK$199 million.

As at 31 December 2014, total restricted bank deposits, structured bank deposits, bank balances and cash on hand were approximately HK$498 million. Total borrowings of the Group amounted to approximately HK$192 million, and there was no borrowings secured by bank deposit. The maturity profile of the Group's total borrowings falling due within one year was approximately 41% and more than one year was approximately 59%. The Group's borrowings were denominated in United States dollars and Hong Kong dollars.

Charges on Assets

As at 31 December 2014, the Group has available but not yet utilised banking facilities amounting to approximately HK$1,264 million. The Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the aforesaid facilities:

- Investment properties of approximately HK$845 million; and
- Leasehold land and buildings of approximately HK$41 million.

Foreign Exchange Exposure

Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against foreign exchange risks as and when necessary.

Significant Investments

During the year ended 31 December 2014, the Group did not have any significant investments.

Material Acquisitions or Disposals of Subsidiaries and Associated Companies

There were no material acquisitions or disposals of subsidiaries and no significant investment held during the year ended 31 December 2014.

Employee and Remuneration Policies

As at 31 December 2014, the total number of employees of the Group was 84 with staff costs, excluding directors' remuneration, amounting to HK$16,659,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

Contingent Liability

The Group had no material contingent liabilities as at 31 December 2014.

(c) For the year ended 31 December 2015

Business Review

General Trading

For the year ended 31 December 2015, the revenue of general trading segment decreased to approximately HK$1,154 million. The decrease in trading revenue was mainly due to the limited supply of fishmeal during the first half of 2015.

The unstable supply of fishmeal in Peru from the closure of Season B (November 2014 to January 2015) to the assigned quota of 2.58 million MT of Season A (April 2015 to July 2015) created a highly volatile market throughout the whole year of 2015. During the second half of 2015, despite relief of the tight supply, the average fishmeal prices still maintained at a high level; consequently, buyers started looking for substitutions. As a result, the overall fishmeal consumption in the second half of 2015 was lower than anticipated.

Due to the volatile market condition and poor consumption of fishmeal throughout the year, our trading profit was significantly affected. For the year ended 31 December 2015, a loss of approximately HK$12 million was incurred, compared to a profit of approximately HK$46 million last year.

Property Investment in Hong Kong

For the year ended 31 December 2015, the rental income in Hong Kong was approximately HK$18 million, which maintained at the same level as last year.

The investment properties were valued by an independent professional valuer and recorded a fair value loss on investment properties of approximately HK$44 million for 2015. As a result of this fair value loss, the Group has turned from a profit in last year to a loss of approximately HK$29 million for the year ended 31 December 2015.

Property Investment in Mainland China

For the year ended 31 December 2015, rental income in the PRC was approximately HK$20 million. This decrease of approximately 9% was primarily caused by the termination of the lease agreement of the western portion of Level 2 of Merry Tower on 30 June 2015. The Company entered into a new lease agreement, commencing December 2015 and ending September 2024.

The investment properties were valued by an independent professional valuer and recorded fair value gain on investment properties of approximately HK$28 million for 2015. The fair value gain and net rental income together have made a contribution of approximately HK$36 million to the Group's profit for the year ended 31 December 2015.

Financial Review

Liquidity and Financial Resources

As at 31 December 2015, the Group's gearing ratio was approximately 5%, based on the Group's long term bank borrowings of approximately HK$96 million and total assets of approximately HK$1,810 million. The Group's current ratio was approximately 6.61, calculated on the basis of current assets of approximately HK$707 million over current liabilities of approximately HK$107 million.

As at 31 December 2015, total restricted bank deposits, bank balances and cash on hand were approximately HK$256 million. Total bank borrowings of the Group amounted to approximately HK$114 million, and there was no bank borrowings secured by bank deposit. The maturity profile of the Group's total bank borrowings falling due within one year was approximately 16% and more than one year was approximately 84%. The Group's borrowings were denominated in United States dollars and Hong Kong dollars.

Capital Commitment

As at 31 December 2015, the Group had a total capital commitment of approximately HK$462,000 for the acquisition of property, plant and equipment.

Charges on Assets

As at 31 December 2015, the Group has available but not yet utilized banking facilities amounting to approximately HK$1,210 million. The Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the aforesaid facilities:

- Investment properties of approximately HK$799 million; and
- Leasehold land and buildings of approximately HK$41 million.

Foreign Exchange Exposure

Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against foreign exchange risks as and when necessary.

Employee and Remuneration Policies

As at 31 December 2015, the total number of employees of the Group was 85 with staff costs, excluding directors' remuneration, amounting to HK$17,268,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

Contingent Liability

The Group had no material contingent liabilities as at 31 December 2015.

The following is the text of a report (including a note on financial information of the Disposal Group), prepared for the purpose of incorporation in this circular, received from the reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.

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13 May 2016

The Directors
Great China Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Great China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which comprises the consolidated statements of financial position of the Group as at 31 December 2013, 2014 and 2015, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2013, 2014 and 2015 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. The Financial Information is prepared for inclusion in the circular of the Company dated 13 May 2016 (the "Circular") in connection with the proposed disposal (the "Disposal") of the entire equity interests in Datong Global Holdings Limited and Xingao Limited and their subsidiaries (collectively referred to as the "Disposal Group") to Fulcrest Limited by the Group.

The Company was incorporated in Hong Kong on 23 January 1965 as a company with limited liability under the Companies Ordinance of Hong Kong. Its immediate holding company is Fulcrest Limited, a limited liability company incorporated in Hong Kong and its ultimate holding company is Kwong Fong Industries Corporation, a limited liability company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 33 of Section II below.

The consolidated financial statements of the Group for each of the years ended 31 December 2013, 2014 and 2015 were audited by BDO Limited pursuant to separate terms of engagement with the Company.

For the purpose of this report, the directors of Company have prepared the Group's consolidated financial statements (the "Underlying Financial Statements") for the Relevant Periods, in accordance with the basis of preparation set out in note 2 of Section II below and the accounting policies set out in note 4 of Section II below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustment made thereon and in accordance with the basis of preparation set out in note 2 of Section II below.

RESPECTIVE RESPONSIBILITY OF DIRECTORS AND REPORTING ACCOUNTANT

The directors of the Company is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with the basis of preparation set out in note 2 of Section II below and the accounting policies set out in note 4 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the Financial Information presented in this report and the contents of the Circular in which this report is included.

Our responsibility is to form an opinion on the Financial Information based on our procedures and to report our opinion to you.

BASIS OF OPINION

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Financial Information and carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2013, 2014 and 2015 and of the Group's financial performance and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION OF THE GROUP

Consolidated Income Statements

		Year ended 31 December		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	6	1,523,808	1,336,486	1,191,819
Cost of sales		(1,433,906)	(1,217,255)	(1,120,753)
Gross profit		89,902	119,231	71,066
Other income	7	37,756	25,977	34,187
Distribution costs		(25,937)	(23,794)	(20,619)
Administrative expenses		(39,476)	(48,433)	(65,122)
Change in fair value of investment properties		3,176	61,071	(15,996)
Change in fair value of financial assets at fair value through profit or loss		(6,279)	9,360	7,105
Change in fair value of derivative financial instruments		6,760	(2,490)	—
Other operating income, net	9	5	48,159	3,409
Finance costs	8	(7,290)	(2,705)	(2,175)
Profit before income tax	9	58,617	186,376	11,855
Income tax expense	11	(2,916)	(12,973)	(10,201)
Profit for the year attributable to owners of the Company		55,701	173,403	1,654
		HK cents	*HK cents*	*HK cent*
Earnings per share	12			
— Basic and diluted		21.29	66.26	0.63

Consolidated Statements of Comprehensive Income

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year	55,701	173,403	1,654
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
— Exchange difference arising from translation of foreign operations	14,428	(13,911)	(29,205)
— Increase in fair value of available-for-sale financial assets	120	50	30
Other comprehensive income for the year	14,548	(13,861)	(29,175)
Total comprehensive income for the year attributable to owners of the Company	70,249	159,542	(27,521)

Consolidated Statements of Financial Position

		At 31 December		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	14	972,262	1,022,169	982,658
Property, plant and equipment	15	50,227	48,011	48,278
Prepaid lease payments for land	16	267	263	259
Trade and other receivables, prepayments and deposits	20	—	—	31,793
Available-for-sale financial assets	17	11,202	12,397	39,726
Restricted bank deposit	23	17,265	—	—
Deferred tax assets	28	161	93	452
		1,051,384	1,082,933	1,103,166
Current assets				
Properties held for sale	18	20,104	19,408	18,094
Inventories	19	32,234	63,353	70,314
Prepaid lease payments for land	16	4	4	4
Trade and other receivables, prepayments and deposits	20	286,761	151,205	163,380
Financial assets at fair value through profit or loss	21	99,209	163,044	198,772
Tax recoverable		117	426	407
Derivative financial assets	22	4,957	38	—
Restricted bank deposit	23	—	16,841	16,041
Structured bank deposits	23	282,637	237,025	—
Bank balances and cash	23	202,253	244,579	240,027
		928,276	895,923	707,039
Current liabilities				
Trade and bills payables	24	186,781	73,192	42,764
Other payables and accrued expenses		94,442	43,469	39,613
Rental deposits received		2,323	1,237	3,226
Borrowings	25	34,650	77,831	18,652
Tax payable		769	3,322	2,559
		318,965	199,051	106,814
Net current assets		609,311	696,872	600,225
Total assets less current liabilities		1,660,695	1,779,805	1,703,391

		At 31 December		
		2013	2014	2015
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Rental deposits received		7,053	7,873	5,148
Borrowings	25	136,409	114,281	95,641
Deferred tax liabilities	28	56,119	63,163	67,037
		199,581	185,317	167,826
Net assets		1,461,114	1,594,488	1,535,565
EQUITY				
Share capital	26	52,337	71,853	71,853
Reserves		1,408,777	1,522,635	1,463,712
Total equity		1,461,114	1,594,488	1,535,565

Consolidated Statements of Changes in Equity

	Share capital *HK$'000*	Share premium *HK$'000*	Exchange reserve *HK$'000*	Properties revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2013	52,337	19,516	125,305	495	870	1,218,510	1,417,033
Profit for the year	—	—	—	—	—	55,701	55,701
Other comprehensive income:							
Exchange difference arising from translation of foreign operations	—	—	14,428	—	—	—	14,428
Increase in fair value of available-for-sale financial assets	—	—	—	—	120	—	120
Other comprehensive income for the year	—	—	14,428	—	120	—	14,548
Total comprehensive income for the year	—	—	14,428	—	120	55,701	70,249
Transactions with owners:							
2012 final dividends *(note 13)*	—	—	—	—	—	(26,168)	(26,168)
At 31 December 2013 and 1 January 2014	52,337	19,516	139,733	495	990	1,248,043	1,461,114
Profit for the year	—	—	—	—	—	173,403	173,403
Other comprehensive income:							
Exchange difference arising from translation of foreign operations	—	—	(13,911)	—	—	—	(13,911)
Increase in fair value of available-for-sale financial assets	—	—	—	—	50	—	50
Other comprehensive income for the year	—	—	(13,911)	—	50	—	(13,861)
Total comprehensive income for the year	—	—	(13,911)	—	50	173,403	159,542
Transfer between reserves:							
Transfers upon the abolition of nominal value of shares on 3 March 2014	19,516	(19,516)	—	—	—	—	—
Transactions with owners:							
2013 final dividends *(note 13)*	—	—	—	—	—	(26,168)	(26,168)
At 31 December 2014	71,853	—	125,822	495	1,040	1,395,278	1,594,488

	Share capital *HK$'000*	Share premium *HK$'000*	Exchange reserve *HK$'000*	Properties revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2015	71,853	—	125,822	495	1,040	1,395,278	1,594,488
Profit for the year	—	—	—	—	—	1,654	1,654
Other comprehensive income:							
Exchange difference arising from translation of foreign operations	—	—	(29,205)	—	—	—	(29,205)
Increase in fair value of available-for-sale financial assets	—	—	—	—	30	—	30
Other comprehensive income for the year	—	—	(29,205)	—	30	—	(29,175)
Total comprehensive income for the year	—	—	(29,205)	—	30	1,654	(27,521)
Transactions with owners:							
2014 final dividends *(note 13)*	—	—	—	—	—	(31,402)	(31,402)
At 31 December 2015	71,853	—	96,617	495	1,070	1,365,530	1,535,565

Consolidated Statements of Cash Flows

		Year ended 31 December		
		2013	2014	2015
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES				
Profit before income tax		58,617	186,376	11,855
Adjustments for:				
Amortisation of prepaid lease payments for land	9	4	4	4
Depreciation of property, plant and equipment	9	3,056	2,178	2,307
(Reversal of allowance)/Allowance for doubtful debts	9	(45)	(1,542)	13,197
Bad debt written off	9	412	8	705
Allowance for inventories	9	—	—	4,221
(Reversal of impairment loss)/Impairment loss on available-for-sale financial assets	9	(5)	25	1
Reversal of provision for taxes and charges	9	—	—	(3,410)
Reversal of provision for direct expenses and tax	9	—	(48,184)	—
Change in fair value of investment properties	14	(3,176)	(61,071)	15,996
Change in fair value of derivative financial instruments		(6,760)	2,490	—
Change in fair value of financial assets at fair value through profit or loss		6,279	(9,360)	(7,105)
Gain on disposal of property, plant and equipment	7	(25)	—	(175)
Loss on write-off of property, plant and equipment	9	—	—	303
Interest income	7	(22,702)	(21,709)	(28,974)
Finance cost	8	7,290	2,705	2,175
Operating cash flows before movements in working capital		42,945	51,920	11,100
Decrease/(Increase) in inventories		116,600	(31,119)	(11,182)
(Increase)/Decrease in trade and other receivables, prepayments and deposits		(162,727)	138,219	(55,181)
(Increase)/Decrease in derivative financial instruments		(1,096)	2,429	38
Decrease in trade and bills payables		(134,436)	(113,589)	(30,428)
(Decrease)/Increase in other payables and accrued expenses		(8,678)	(3,033)	151
Increase/(Decrease) in rental deposits received		1,353	(266)	(736)
Net increase in financial assets at fair value through profit or loss		(93,983)	(55,906)	(28,623)
Cash used in operations		(240,022)	(11,345)	(114,861)
Hong Kong profits tax paid, net		(195)	(476)	(315)
Overseas tax paid		(1,672)	(1,750)	(3,849)
Net cash used in operating activities		(241,889)	(13,571)	(119,025)

		Year ended 31 December		
		2013	2014	2015
	Note	*HK$'000*	*HK$'000*	*HK$'000*
INVESTING ACTIVITIES				
Placement of restricted bank deposit		(17,171)	—	—
Placement of structured bank deposits		(281,336)	(239,507)	(331,911)
Withdrawal of restricted bank deposit		17,171	—	—
Withdrawal of pledged bank deposits		92,940	—	—
Withdrawal of structured bank deposits		380,224	283,251	565,478
Interest received		31,094	20,580	26,462
Proceeds from disposal of property, plant and equipment		45	—	621
Purchase of property, plant and equipment		(407)	(68)	(3,470)
Purchase of available-for-sale financial assets		—	(1,170)	(27,300)
Net cash generated from investing activities		222,560	63,086	229,880
FINANCING ACTIVITIES				
New borrowings raised		15,093	55,707	42,316
Repayment of borrowings		(92,301)	(34,654)	(120,135)
Interest paid		(9,206)	(2,461)	(2,470)
Dividends paid	13	(26,168)	(26,168)	(31,402)
Net cash used in financing activities		(112,582)	(7,576)	(111,691)
Net (decrease)/increase in cash and cash equivalents		(131,911)	41,939	(836)
Cash and cash equivalents at the beginning of year		333,728	202,253	244,579
Effect of foreign exchange rate changes		436	387	(3,716)
Cash and cash equivalents at the end of year		202,253	244,579	240,027
Analysis of cash and cash equivalents				
Bank balances and cash		202,253	244,579	240,027

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is Unit D, 26/F, United Centre, 95 Queensway, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the trading of animal feed, property investment and trading of properties.

Its immediate holding company is Fulcrest Limited ("Fulcrest"), a limited liability company incorporated in Hong Kong and its ultimate holding company is Kwong Fong Industries Corporation, a limited liability company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation.

The functional currency of the Company and its major subsidiaries is United States dollars ("USD"). The Financial Information is presented in Hong Kong dollars ("HK$") which is different from the functional currency of the Company, as the directors of the Company consider that HK$ is a more appropriate presentation currency in view of its place of listing. All values are rounded to the nearest thousand (HK$'000) unless otherwise stated.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and the Hong Kong Companies Ordinance relating to the preparation of financial statements. In addition, the Financial Information includes the applicable disclosures required by the Listing Rules.

The Financial Information contained in the Circular does not constitute the Company's statutory annual consolidated financial statements for either of the years ended 31 December 2013, 2014 or 2015 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the years ended 31 December 2013, 2014 and 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the years ended 31 December 2013, 2014 and 2015. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Financial Information, the Group has adopted all applicable new/revised HKFRSs effective for the accounting periods commencing from 1 January 2015 throughout the Relevant Periods.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

The Group is in the process of making assessments of the potential impact of these new/revised HKFRSs and the directors anticipate that more disclosure would be made but are not yet in a position to state whether they would have material impact on the Group's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs.

The Financial Information has been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and conditions actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 5.

The significant accounting policies adopted in the preparation of the Financial Information are summarised below. These policies have been consistently applied to the Relevant Periods unless otherwise stated.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the Relevant Periods are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, unrealised gains and losses on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intercompany transaction are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

— power over the investee;

— exposure, or rights, to variable returns from the investee; and

— the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Investment properties

Investment properties are land and buildings held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods or services or for administrative purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

4.4 Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values, if applicable, over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the item and is recognised in profit or loss.

4.5 Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for land" in the statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Assets leased by the Group under operating lease are included in non-current assets, and rental income is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

As lessee

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.7 Impairment loss on tangible assets

At the end of the reporting period, the Group and the Company reviews the carrying amounts of the following assets to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— prepaid lease payments for land; and

— interests in subsidiaries.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

4.8 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The Group classifies its financial assets on initial recognition, depending on the nature and purpose for which the financial asset was acquired. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

— it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative, including separated embedded derivate, that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

— the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and deposits, amount due from the Remaining Group, restricted bank deposit, structured bank deposits, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. Subsequent to initial recognition, available-for-sale financial assets are carried at fair value with changes in fair value recognised in other comprehensive income, accumulated in investment revaluation reserve, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss. When the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Evidence of impairment may include:

— significant financial difficulty of the issuer or counterparty;

— breach of contract, such as default or delinquency in interest and principal payments;

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data include but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

Loans and receivables

Loans and receivables carried at amortised cost, an impairment loss is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When any part of the financial asset is determined as uncollectible, it is written off against the allowance account for the relevant asset.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(ii) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

— it has been incurred principally for the purpose of repurchasing in the near future; or

— it is a derivative, including separated embedded derivative, that is not designated and effective as a hedging instrument.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met:

— the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;

— the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or

— the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value arising on remeasurement recognised in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost (including trade and bills payables, other payables and accrued expenses, amounts due to subsidiaries, rental deposits received and borrowings), are subsequently measured at amortised cost, using the effective interest method.

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income and expense is recognised on an effective interest basis.

(iv) Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(vi) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

(vii) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.9 Inventories and properties held for sale

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value, comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method.

Properties held for sale, which represent unsold completed properties, are stated at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

4.10 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

4.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non- monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve in equity.

On disposal of a foreign operation, the cumulative exchange differences recognised in exchange reserve relating to that foreign operation up to the date of disposal attributable to owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in exchange reserve in equity.

4.12 Recognition of revenue and other income

Revenue is measured at fair value of the consideration received or receivable and represents the amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time when goods are delivered and title has passed to customers.

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the buyers, upon execution of binding sales agreement and delivery of properties to buyers.

Rental income, including rentals invoiced in advance from properties leased under operating leases, is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses on a straight-line basis over the lease term.

Agency fee income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.13 Taxation

Income tax expense comprises current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 *Investment Property*. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.15 Retirement benefit costs

Payments to the retirement benefits schemes are charged as expenses when employees have rendered service entitling them to the contributions.

4.16 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within equity, until they have been approved by the shareholders in a general meeting. When these dividends are approved and declared, they are recognised as a liability. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

4.17 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the chief operating decision-maker i.e. the executive directors for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.19 Related parties

For the purpose of the Financial Information, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third party and the other party is an associate of the third party;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

(i) Estimate of fair value of investment properties

As disclosed in note 14, the investment properties were revalued at the end of each reporting period by independent professional valuers. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the estimates, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

For more detailed information in relation to fair value measurement of investment properties, please refer to note 14.

(ii) Impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The estimation of the recoverable amount of receivables requires significant estimation and judgements including evaluation of collectability and assessing creditworthiness and past collection history of customers or debtors. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(iii) Fair values of derivatives and other financial instruments

The fair values of other financial instruments that are not traded in an active market, including foreign currency forward contracts and cross-currency interest rate swap arrangements are determined by reference to prices from observable current market transactions and dealer quotes for similar instruments.

For more detailed information in relation to the fair value measurement of these items, please refer to note 37.

(iv) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated variable selling expenses. The cost of inventories is written down to net realisable value when there is objective evidence that the cost of inventories may not be recoverable. The amount written off in profit or loss is the difference between the carrying value and net realisable value of the inventories. In determining whether the cost of inventories can be recovered, significant estimation and judgements are required. In making estimation and judgements, the Group evaluates, among other factors, the duration and extent and the means by which the amount will be recovered. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to market conditions.

(v) Estimates of current and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation, the timing of payment of the related taxation and the implementation of these taxes varies amongst various in cities in the Peoples' Republic of China (the "PRC"). The Group recognised income tax and other taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities.

6. REVENUE AND SEGMENT INFORMATION

6.1 Revenue and segment information of the Group

Revenue

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Sales of goods	1,486,968	1,295,987	1,153,604
Rental income	36,840	40,499	38,215
	1,523,808	1,336,486	1,191,819

Segment information

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on the operating divisions of the Group.

The executive directors have identified the following reportable segments for its operating segments for the Group's reporting segments. These segments are managed separately as each business offers different products and services and requires different business strategies.

1. General trading — trading of fishmeal

2. Property investment in Hong Kong — leasing of properties situated in Hong Kong

3. Property investment in the PRC — leasing of properties situated in the PRC (other than Hong Kong) and provision for agency services

4. Trading of properties — sale of properties situated in the PRC

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments during the Relevant Periods. Segment revenue represents sales revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's headquarter, including change in fair value of financial assets at fair value through profit or loss, reversal of impairment loss/impairment loss on available-for-sale financial assets, corporate income and expenses, unallocated finance costs and unallocated income tax credit or expense.

For the purpose of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than the Group headquarter's corporate assets; and

— all liabilities are allocated to reportable segments other than the Group headquarter's corporate liabilities.

Information regarding the above segments is reported below.

Segment revenue and results

	General trading *HK$'000*	Property investment in Hong Kong *HK$'000*	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2013					
Reportable segment revenue	1,486,968	15,366	21,474	—	1,523,808
Reportable segment profit after tax	41,417	14,480	14,613	—	70,510
Change in fair value of financial assets at fair value through profit or loss					(6,279)
Reversal of impairment loss on available-for-sale financial assets					5
Corporate income and expenses, net					(7,871)
Unallocated finance costs					(673)
Unallocated income tax credit					9
Profit for the year					55,701

	General trading *HK$'000*	Property investment in Hong Kong *HK$'000*	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2014					
Reportable segment revenue	1,295,987	18,215	22,284 *(Note (a))*	—	1,336,486
Reportable segment profit after tax	45,795	31,031	98,377	—	175,203
Change in fair value of financial assets at fair value through profit or loss					9,360
Impairment loss on available-for-sale financial assets					(25)
Corporate income and expenses, net					(10,296)
Unallocated finance costs					(725)
Unallocated income tax expense					(114)
Profit for the year					173,403

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Consolidated HK$'000
For the year ended 31 December 2015					
Reportable segment revenue	1,153,604	17,936	20,279 *(Note (b))*	—	1,191,819
Reportable segment (loss)/profit after tax	(11,737)	(29,279)	36,316	—	(4,700)
Change in fair value of financial assets at fair value through profit or loss					7,105
Impairment loss on available-for-sale financial assets					(1)
Corporate income and expenses, net					(442)
Unallocated finance costs					(360)
Unallocated income tax credit					52
Profit for the year					1,654

Notes:

(a) Included reversal of provision for direct expenses and tax amounting to approximately HK$48,184,000, which is described in detail in note 9(c).

(b) Included reversal of provision for taxes and charges of HK$3,410,000, which is described in detail in note 9(d).

Segment assets and liabilities

	General trading HK$'000	Property investment in Hong Kong HK$'000	Property investment in the PRC HK$'000	Trading of properties HK$'000	Consolidated HK$'000
At 31 December 2013					
Reportable segment assets	620,953	573,321	480,658	20,104	1,695,036
Available-for-sale financial assets					11,202
Financial assets at fair value through profit or loss					99,209
Unallocated corporate assets					174,213
Consolidated total assets					1,979,660
Reportable segment liabilities	263,896	90,469	129,282	—	483,647
Unallocated corporate liabilities					34,899
Consolidated total liabilities					518,546

	General trading *HK$'000*	Property investment in Hong Kong *HK$'000*	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Consolidated *HK$'000*
At 31 December 2014					
Reportable segment assets	557,551	589,982	501,786	19,408	1,668,727
Available-for-sale financial assets					12,397
Financial assets at fair value through profit or loss					163,044
Unallocated corporate assets					134,688
Consolidated total assets					1,978,856
Reportable segment liabilities	190,886	81,752	91,047	—	363,685
Unallocated corporate liabilities					20,683
Consolidated total liabilities					384,368

	General trading *HK$'000*	Property investment in Hong Kong *HK$'000*	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Consolidated *HK$'000*
At 31 December 2015					
Reportable segment assets	338,099	558,983	497,375	18,094	1,412,551
Available-for-sale financial assets					39,726
Financial assets at fair value through profit or loss					198,772
Unallocated corporate assets					159,156
Consolidated total assets					1,810,205
Reportable segment liabilities	91,651	72,366	88,901	—	252,918
Unallocated corporate liabilities					21,722
Consolidated total liabilities					274,640

Unallocated corporate assets mainly comprised of property, plant and equipment which are used by the Group's headquarter, bank balances and cash which are held as the general working capital of the Group as a whole and other corporate assets of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

Unallocated corporate liabilities mainly comprised of borrowings for the financing of the general working capital of the Group as a whole and other corporate liabilities of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

Other segment information

	General trading	Property investment in Hong Kong	Property investment in the PRC	Trading of properties	Corporate/ Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2013						
Additions to specified non-current assets *(note)*	354	—	53	—	—	407
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Depreciation of property, plant and equipment	433	—	880	—	1,743	3,056
Fair value gain on investment properties	—	2,040	1,136	—	—	3,176
Fair value gain on derivative financial instruments	1,803	—	—	—	4,957	6,760
Reversal of allowance for doubtful debts	—	—	45	—	—	45
Bad debt written off	412	—	—	—	—	412
Exchange (gain)/loss, net	(11,330)	8	449	—	1,125	(9,748)
Interest income	20,226	—	13	—	2,463	22,702
Interest expense	5,049	1,568	—	—	673	7,290
Income tax (credit)/expense	(49)	479	2,495	—	(9)	2,916

	General trading	Property investment in Hong Kong	Property investment in the PRC	Trading of properties	Corporate/ Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2014						
Additions to specified non-current assets *(note)*	38	—	30	—	—	68
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Depreciation of property, plant and equipment	388	—	296	—	1,494	2,178
Fair value gain on investment properties	—	16,930	44,141	—	—	61,071
Fair value gain on derivative financial instruments	—	—	—	—	2,490	2,490
Reversal of allowance for doubtful debts	1,542	—	—	—	—	1,542
Bad debt written off	—	—	8	—	—	8
Exchange loss/(gain), net	7,253	(57)	(513)	—	(591)	6,092
Interest income	18,671	—	14	—	3,024	21,709
Interest expense	264	1,716	—	—	725	2,705
Income tax expense	2,119	811	9,929	—	114	12,973

	General trading	Property investment in Hong Kong	Property investment in the PRC	Trading of properties	Corporate/ Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2015						
Additions to specified non-current assets *(note)*	829	2,266	375	—	—	3,470
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Depreciation of property, plant and equipment	333	248	232	—	1,494	2,307
Fair value loss/(gain) on investment properties	—	44,270	(28,274)	—	—	15,996
Allowance for inventories	4,221	—	—	—	—	4,221
Allowance for doubtful debts	13,050	—	147	—	—	13,197
Bad debt written off	705	—	—	—	—	705
Exchange loss/(gain), net	9,393	12	(1,153)	—	(1,930)	6,322
Interest income	14,450	—	15	—	14,509	28,974
Interest expense	553	1,262	—	—	360	2,175
Income tax expense/(credit)	1,921	416	7,916	—	(52)	10,201

Note: Specified non-current assets excluded financial instruments and deferred tax assets.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue by location of customers and information about its specified non-current assets by geographical location of the assets are detailed below:

	Revenue Year ended 31 December			Specified non-current assets At 31 December		
	2013	**2014**	**2015**	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong (place of domicile)	15,366	18,215	17,936	576,741	591,980	548,042
Other regions in the PRC	1,508,442	1,318,271	1,173,883	446,015	478,463	483,153
	1,523,808	1,336,486	1,191,819	1,022,756	1,070,443	1,031,195

Information about major customers

For the year ended 31 December 2013 and 2014, no customer has contributed 10% or more of the Group's revenue.

For the year ended 31 December 2015, revenue from one customer of the Group's general trading segment amounted to HK$123,693,000, which exceeded 10% of the Group's revenue.

6.2 Financial Information of the Disposal Group

On 21 January 2016, the Company and Fulcrest entered into a disposal agreement (the "Disposal Agreement"), pursuant to which the Company conditionally agreed to sell, and Fulcrest conditionally agreed to purchase (i) the entire equity interests in the Disposal Group and (ii) a disposal loan (the "Disposal Loan") of HK$260,000,000, being part of the amount due by the Disposal Group to the Company and its remaining subsidiaries (collectively referred to as "the Remaining Group") as at 21 January 2016 for a consideration of HK$942,247,000 (subject to adjustment).

On 18 April 2016, the Company and Fulcrest entered into the a supplemental agreement to amend certain terms of the Disposal Agreement. Pursuant to the supplemental agreement, the amount of the Disposal Loan has been amended to HK$205,000,000. Correspondingly, the amount of the Disposal Consideration is amended and shall be HK$887,247,000 (subject to adjustment). The Disposal Agreement and the supplemental agreement are collectively referred to as the "Disposal Agreements".

On 20 January 2016, the directors of the Company have proposed a special dividend of not less than HK$1.147 per share, totalling not less than approximately HK$300 million, before the completion of the Disposal, and another special dividend of not less than HK$2.293 per share, totalling not less than HK$600 million (referred to as "the Second Special Dividend"), conditional on the completion of the Disposal.

During the three months ended 31 March 2016, the Disposal Group partially settled the amount due by the Disposal Group to the Remaining Group in cash and the remaining balance of HK$205,000,000, being the Disposal Loan, is going to set off against the Second Special Dividend, instead of being disposed of together with the Disposal Group pursuant to the Disposal Agreements.

The consideration attributable to the Disposal Group is approximately HK$682,247,000 (subject to adjustment).

The Disposal Group principally engaged in three businesses, being (i) trading of fishmeal; (ii) property investment in Hong Kong and provision for agency services; and (iii) investment in financial assets.

The Company will release all financial guarantees relating to the Disposal Group on or prior to completion of the Disposal.

After the completion of the Disposal, the Group mainly retains two businesses, being (i) leasing of properties in the PRC; and (ii) sales of properties in the PRC.

(a) Basis of preparation of the combined financial information of the Disposal Group

The financial information of the Disposal Group has been prepared in accordance with the accounting policies of the Group as set out in note 4.

The combined income statements, combined statements of comprehensive income and combined statements of cash flows for the years ended 31 December 2013, 2014 and 2015 include the financial information of the subsidiaries to be disposed of as if the Disposal Group had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, which is the shorter period.

The combined statements of financial position as at 31 December 2013, 2014 and 2015 have been prepared to present the combined assets and liabilities of the subsidiaries to be disposed of as if the Disposal Group had been in existence as at these dates.

All significant intra-group/inter-companies transactions and balances within the Disposal Group have been eliminated on combination.

The intercompany balances between the Disposal Group and the Remaining Group have not been eliminated for the presentation of the financial information of the Disposal Group.

(b) Combined financial information of the Disposal Group

(i) Combined Income Statements

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,502,334	1,314,202	1,171,540
Cost of sales	(1,429,950)	(1,214,247)	(1,117,379)
Gross profit	72,384	99,955	54,161
Other income	35,530	26,152	33,924
Distribution costs	(25,858)	(23,389)	(20,619)
Administrative expenses	(36,063)	(46,287)	(61,799)
Change in fair value of investment properties	2,040	16,930	(44,270)
Change in fair value of financial assets at fair value through profit or loss	(6,279)	9,360	7,105
Change in fair value of derivative financial instruments	6,760	(2,490)	—
Other operating income/(expenses), net	5	(25)	(1)
Finance costs	(6,532)	(2,083)	(1,670)
Profit/(Loss) before income tax	41,987	78,123	(33,169)
Income tax expense	(421)	(2,993)	(2,284)
Profit/(Loss) for the year	41,566	75,130	(35,453)

(ii) Combined Statements of Comprehensive Income

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(Loss) for the year	41,566	75,130	(35,453)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
— Exchange difference arising from translation	485	(3,239)	(5,266)
— Increase in fair value of available-for-sale financial assets	120	50	30
Other comprehensive income for the year	605	(3,189)	(5,236)
Total comprehensive income for the year	42,171	71,941	(40,689)

(iii) Combined Statements of Financial Position

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	530,440	547,370	503,100
Property, plant and equipment	46,828	44,968	45,896
Restricted bank deposit	17,265	—	—
Trade and other receivables, prepayments and deposits	—	—	31,793
Available-for-sale financial assets	11,202	12,397	39,726
Deferred tax assets	161	93	452
	605,896	604,828	620,967
Current assets			
Inventories	32,234	63,353	70,314
Trade and other receivables, prepayments and deposits	262,919	141,529	157,911
Financial assets at fair value through profit or loss	99,209	163,044	198,772
Tax recoverable	117	426	407
Derivative financial assets	4,957	38	—
Amount due from the Remaining Group	175,579	185,582	—
Restricted bank deposit	—	16,841	16,041
Structured bank deposits	282,637	237,025	—
Bank balances and cash	194,807	232,406	230,003
	1,052,459	1,040,244	673,448
Current liabilities			
Trade and bills payables	186,781	73,192	42,764
Other payables and accrued expenses	21,777	14,322	12,565
Rental deposits received	2,094	770	3,101
Amount due to the Remaining Group	771,028	772,456	565,646
Borrowings	23,784	66,911	8,891
Tax payable	715	3,120	2,550
	1,006,179	930,771	635,517
Net current assets	46,280	109,473	37,931
Total assets less current liabilities	652,176	714,301	658,898
Non-current liabilities			
Rental deposits received	3,033	4,155	1,576
Borrowings	90,349	79,139	70,247
Deferred tax liabilities	1,920	2,192	2,821
	95,302	85,486	74,644
Net assets	556,874	628,815	584,254
EQUITY			
Share capital	51,216	51,216	47,344
Reserves	505,658	577,599	536,910
Total equity	556,874	628,815	584,254

(iv) Combined Statements of Changes in Equity

	Share capital	Exchange reserve	Investment revaluation reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	51,216	17,359	1,365	550,763	620,703
Profit for the year	—	—	—	41,566	41,566
Other comprehensive income:					
Exchange difference arising from translation of foreign operations	—	485	—	—	485
Increase in fair value of available-for-sale financial assets	—	—	120	—	120
Other comprehensive income for the year	—	485	120	—	605
Total comprehensive income for the year	—	485	120	41,566	42,171
Transactions with owner:					
Dividends paid to the Company	—	—	—	(106,000)	(106,000)
At 31 December 2013 and 1 January 2014	51,216	17,844	1,485	486,329	556,874
Profit for the year	—	—	—	75,130	75,130
Other comprehensive income:					
Exchange difference arising from translation of foreign operations	—	(3,239)	—	—	(3,239)
Increase in fair value of available-for-sale financial assets	—	—	50	—	50
Other comprehensive income for the year	—	(3,239)	50	—	(3,189)
Total comprehensive income for the year	—	(3,239)	50	75,130	71,941
At 31 December 2014 and 1 January 2015	51,216	14,605	1,535	561,459	628,815
Loss for the year	—	—	—	(35,453)	(35,453)
Other comprehensive income:					
Exchange difference arising from translation of foreign operations	—	(5,266)	—	—	(5,266)
Increase in fair value of available-for-sale financial assets	—	—	30	—	30
Other comprehensive income for the year	—	(5,266)	30	—	(5,236)
Total comprehensive income for the year	—	(5,266)	30	(35,453)	(40,689)
Transaction with owner:					
Change in ownership interest in a subsidiary *(note)*	(3,872)	—	—	—	(3,872)
At 31 December 2015	47,344	9,339	1,565	526,006	584,254

Note: On 21 October 2015, G.C. Nominees Limited acquired 100% equity interests of Haode Property Management (Shanghai) Company Limited for a consideration of US$500,000 (approximately HK$3,872,000) from the Company. Both G.C. Nominees Limited and Haode Property Management (Shanghai) Company Limited are companies to be disposed of in the Disposal.

(v) Combined Statements of Cash Flows

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Profit/(Loss) before income tax	41,987	78,123	(33,169)
Adjustments for:			
Depreciation of property, plant and equipment	2,165	1,882	2,080
(Reversal of allowance)/Allowance for doubtful debts	—	(1,542)	13,197
Bad debt written off	412	—	705
Allowance for inventories	—	—	4,221
Change in fair value of derivative financial instruments	(6,760)	2,490	—
Change in fair value of investment properties	(2,040)	(16,930)	44,270
Change in fair value of financial assets at fair value through profit or loss	6,279	(9,360)	(7,105)
(Reversal of impairment loss)/ Impairment loss on available-for-sale financial assets	(5)	25	1
Gain on disposal of property, plant and equipment	(25)	—	(175)
Loss on write-off property, plant and equipment	—	—	51
Interest income	(20,226)	(18,671)	(25,687)
Finance costs	6,532	2,083	1,670
Operating cash flows before movements in working capital	28,319	38,100	59
Decrease/(Increase) in inventories	116,600	(31,119)	(11,182)
Decrease/(Increase) in trade and other receivables, prepayments and deposits	34,783	122,931	(57,742)
Change in derivative financial instruments	(1,096)	2,429	38
Decrease in trade and bills payables	(134,436)	(113,589)	(30,428)
Decrease in other payables and accrued expenses	(4,884)	(7,455)	(1,168)
Increase/(Decrease) in rental deposits received	875	(202)	(248)
Net increase in financial assets at fair value through profit or loss	(93,983)	(55,906)	(28,623)
Cash used in operations	(53,822)	(44,811)	(129,294)
Hong Kong profits tax paid, net	(497)	(116)	(315)
Overseas tax refunded/(paid), net	19	(424)	(2,098)
Net cash used in operating activities	(54,300)	(45,351)	(131,707)

	Year ended 31 December		
	2013	2014	2015
INVESTING ACTIVITIES			
Placement of restricted bank deposit	(17,171)	—	—
Placement of structured bank deposits	(281,336)	(239,507)	(331,911)
Withdrawal of restricted bank deposit	17,171	—	—
Withdrawal of pledged bank deposits	92,940	—	—
Withdrawal of structured bank deposits	380,224	283,251	565,478
Interest received	20,226	18,671	23,175
Purchase of available-for-sale financial assets	—	(1,170)	(27,300)
Proceeds from disposal of property, plant and equipment	45	—	222
Purchase of property, plant and equipment	(354)	(38)	(3,099)
Net cash generated from investing activities	211,745	61,207	226,565
FINANCING ACTIVITIES			
New borrowings raised	15,093	55,707	42,316
Repayment of borrowings	(81,000)	(23,790)	(109,228)
Interest paid	(6,532)	(2,083)	(1,963)
Dividends paid	(106,000)	—	—
Decrease in financing from discounting of bills receivables with full recourse	(190,650)	—	—
Decrease/(Increase) in amount due from the Remaining Group	109,283	(10,003)	185,582
(Decrease)/Increase in amount due to the Remaining Group	(26,226)	1,428	(210,682)
Net cash (used in)/generated from financing activities	(286,032)	21,259	(93,975)
Net (decrease)/increase in cash and cash equivalents	(128,587)	37,115	883
Cash and cash equivalents at the beginning of year	324,931	194,807	232,406
Effect of foreign exchange rate changes	(1,537)	484	(3,286)
Cash and cash equivalents at the end of year	194,807	232,406	230,003
Analysis of cash and cash equivalents:			
Bank balances and cash	194,807	232,406	230,003

(vi) *Significant Related Party Transactions*

(a) Transactions of the Disposal Group with the Remaining Group for the Relevant Periods are disclosed as follow:

	Year ended 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Management fee paid to the Remaining Group	11,664	13,464	15,214
Dividends paid to the Remaining Group	106,000	—	—

(b) Balances of the Disposal Group with the Remaining Group as at 31 December 2013, 2014 and 2015 are disclosed as follow:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from the Remaining Group	175,579	185,582	—
Amount due to the Remaining Group	771,028	772,456	565,646

(c) Guarantee provided by the Remaining Group to the Disposal Group as at 31 December 2013, 2014 and 2015 are disclosed as follow:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Guarantee provided by the Remaining Group for borrowings of the Disposal Group	2,058,445	1,921,851	1,799,273

(vii) Net Assets/Liabilities Attributable to Businesses to Be Disposed of as at 31 December 2015

The Disposal Group principally engaged in the following businesses, (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets.

The net assets attributable to trading of fishmeal, property investment in Hong Kong and investment in financial assets as at 31 December 2015 are HK$184,317,000, HK$382,965,000, and HK$28,240,000, respectively.

The net liabilities attributable to provision for agency services are HK$11,268,000 as at 31 December 2015.

7. OTHER INCOME

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Interest income on			
— Bank balances and trade receivables measured at amortised cost	21,153	18,685	14,895
— Debt securities measured at fair value through profit or loss	1,549	3,024	11,551
— Unlisted investment stated at cost	—	—	2,528
	22,702	21,709	28,974
Dividend income from listed equity securities	105	20	74
Exchange gain, net	9,748	—	—
Gain on disposal of property, plant and equipment	25	—	175
Reversal of allowance for doubtful debts	—	1,534	—
Sundry	5,176	2,714	4,964
	37,756	25,977	34,187

8. FINANCE COSTS

	Year ended 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Interest on borrowings			
— wholly repayable within five years	4,811	495	486
— not wholly repayable within five years	2,479	2,210	1,689
	7,290	2,705	2,175

9. PROFIT BEFORE INCOME TAX

	Year ended 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax has been arrived at after charging/(crediting):			
Auditor's remuneration	850	850	850
Amortisation of prepaid lease payments for land	4	4	4
Depreciation of property, plant and equipment	3,056	2,178	2,307
Loss on write-off of property, plant and equipment	—	—	303
Cost of inventories recognised as an expense, including	1,429,951	1,214,309	1,117,379
— Allowance for inventories	—	—	4,221
Exchange (gain)/loss, net	(9,748)	6,092	6,322
(Reversal of allowance)/Allowance for doubtful debts	(45)	(1,542)	13,197
Bad debt written off	412	8	705
Employee costs (including directors' emoluments) *(notes (a) and (b))*	28,455	30,733	27,786
Other operating (income)/expenses, net:			
(Reversal of impairment loss)/Impairment loss on available-for-sale financial assets	(5)	25	1
Reversal of provision for direct expenses and tax *(note (c))*	—	(48,184)	—
Reversal of provision for taxes and charges *(note (d))*	—	—	(3,410)
	(5)	(48,159)	(3,409)
Gross rental income	(36,840)	(40,499)	(38,215)
Less: Outgoings	2,937	3,292	2,854
Net rental income	(33,903)	(37,207)	(35,361)

Notes:

(a) Employee costs (including directors' emoluments (note (a))) comprise:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and other benefits	27,102	29,253	26,528
Retirement fund contributions — defined contribution retirement plans	1,353	1,480	1,258
	28,455	30,733	27,786

(b) Operating lease charges in respect of the Group's staff quarters of HK$1,406,000, HK$1,416,000 and HK$1,579,000 are included in staff costs for each of the years ended 31 December 2013, 2014 and 2015.

(c) In October 2012, the Group disposed of 43% of the issued share capital of Samstrong International Limited ("Samstrong"). Before the disposal, Samstrong and the companies under Samstrong ("Samstrong Group") were associates of the Group in which the Group held 43% interests through Great China Development (Shanghai) Limited ("GCD", an indirect wholly-owned subsidiary of the Company).

Pursuant to the sale and purchase agreement, the Group agreed to indemnify the buyer of Samstrong Group for taxes and claims related to Samstrong Group which potentially arise within a period of eighteen months after the completion date (the "Warranty Period"). The aggregate provision made by the Group for the potential claims arising during the Warranty Period and other direct expenses and taxes related to the disposal amounted to approximately HK$60,460,000, which was included in "Gain on disposal after deducting direct expenses and tax" as presented in the consolidated income statement of the Group for the year ended 31 December 2012.

During the year ended 31 December 2014, following the expiry of the Warranty Period and the dissolution of GCD, and after deducting the claims made so far, the Group has reversed the remaining provision amounting to approximately HK$48,184,000 and this was included in "Other operating income" in the consolidated income statement for the year ended 31 December 2014.

(d) Various PRC taxes and charges in the sum of HK$3,410,000 arising from or in connection with 博平置業(上海)有限公司 ("Poppin", an indirectly wholly-owned subsidiary of the Company) have been provided during the years ended 31 December 2004, 2005 and 2006 and the Group was not required to settle these obligations over these years. After taking into account of the opinion of the Group's PRC tax consultant, the management considered that it is no longer probable for the tax authorities of the PRC to enforce the settlement of these taxes and charges. The provision is reversed during the year and this was included in "other operating income, net" in the consolidated income statement for the year ended 31 December 2015.

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

Directors' remuneration disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) is as follows:

	Mr. Rustom Ming Yu HO	Mr. John Ming Tak HO	Mr. Patrick Kwok Wai POON	Mr. Maung Tun MYINT	Mr. Lawrence Kam Kee YU	Mr. David Hon To YU	Mr. Hsu Chou WU	Ms. Yu Gia HO	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2013									
Fees	—	—	—	—	280	300	60	60	700
Other emoluments									
Salaries and other benefits	1,287	4,489	1,809	1,536	—	—	—	—	9,121
Discretionary performance bonus *(note (i))*	50	1,200	256	987	—	—	—	—	2,493
Retirement benefit scheme contributions	—	15	15	15	—	—	—	—	45
	1,337	5,704	2,080	2,538	280	300	60	60	12,359

	Mr. Rustom Ming Yu HO	Mr. John Ming Tak HO	Mr. Patrick Kwok Wai POON	Mr. Maung Tun MYINT	Mr. Lawrence Kam Kee YU	Mr. David Hon To YU	Mr. Hsu Chou WU	Ms. Yu Gia HO	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2014									
Fees	—	—	—	—	280	300	70	70	720
Other emoluments									
Salaries and other benefits	1,270	4,388	1,905	2,145	—	—	—	—	9,708
Discretionary performance bonus *(note (i))*	50	2,287	341	917	—	—	—	—	3,595
Retirement benefit scheme contributions	—	17	17	17	—	—	—	—	51
	1,320	6,692	2,263	3,079	280	300	70	70	14,074

	Mr. Rustom Ming Yu HO	Mr. John Ming Tak HO	Mr. Patrick Kwok Wai POON	Mr. Maung Tun MYINT	Mr. Lawrence Kam Kee YU	Mr. David Hon To YU	Mr. Hsu Chou WU	Ms. Yu Gia HO	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2015									
Fees	—	—	—	—	280	300	70	70	720
Other emoluments									
Salaries and other benefits	1,197	4,588	1,767	2,202	—	—	—	—	9,754
Retirement benefit scheme contributions	—	18	8	18	—	—	—	—	44
	1,197	4,606	1,775	2,220	280	300	70	70	10,518

Notes:

i. The discretionary performance bonus is determined having regard to the performance of individuals and financial performance of the Group.

ii. No directors waived any emoluments during the Relevant Periods.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2013, 2014 and 2015 included 4, 4 and 4 directors of the Company respectively and their emoluments are reflected in the analysis presented in note 10(a) above. The emoluments payable to the remaining 1, 1 and 1 individual for each of the years ended 31 December 2013, 2014 and 2015 respectively are as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other benefits	540	600	630
Discretionary performance bonus	250	366	390
Retirement benefits costs — defined contribution plans	15	17	18
	805	983	1,038

The emoluments were within the following bands:

	Number of individual Year ended 31 December		
	2013	**2014**	**2015**
Nil to HK$1,000,000	1	1	—
HK$1,000,001 to HK$1,500,000	—	—	1
	1	1	1

No emolument was paid or payable by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the Relevant Periods.

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Income tax expense comprises:			
Hong Kong profits tax			
Current tax for the year	288	536	133
Over-provision in prior years	(312)	(32)	(154)
	(24)	504	(21)
Other jurisdictions			
Current tax for the year	1,512	3,916	3,597
Withholding tax	—	50	—
Under-provision in prior years	29	—	—
	1,541	3,966	3,597
Deferred tax *(note 28)*	1,399	8,503	6,625
Income tax expense	2,916	12,973	10,201

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25% during the Relevant Periods.

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% on the estimated assessable income for the Relevant Periods.

The income tax expense for the Relevant Periods can be reconciled to profit before income tax per the consolidated income statement as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	58,617	186,376	11,855
Tax on profit before income tax, calculated at applicable tax rates	10,807	31,749	1,586
Tax effect of expenses not deductible for tax purpose	2,597	1,968	10,752
Tax effect of income not taxable for tax purpose	(2,750)	(14,120)	(3,081)
Tax effect of tax losses not recognised	1,325	7	508
Tax effect of utilisation of tax losses previously not recognised	(8,758)	(8,459)	(518)
Tax effect of temporary difference not recognised	17	2,108	1,108
Over-provision in prior years	(283)	(32)	(154)
Withholding tax	—	50	—
Others	(39)	(298)	—
Income tax expense	2,916	12,973	10,201

12. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to owners of the Company are based on the following data:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year attributable to owners of the Company	55,701	173,403	1,654

	Number of shares Year ended 31 December		
	2013	**2014**	**2015**
Weighted average number of ordinary shares in issue during the year	261,684,910	261,684,910	261,684,910

Basic and diluted earnings per share for the Relevant Periods are equal as there were no potential dilutive ordinary shares in issue during the Relevant Periods.

13. DIVIDENDS

The final dividends of HK$0.1 and HK$0.12 per ordinary share amounting to HK$26,168,000 and HK$31,402,000 have been approved by the shareholders in the annual general meeting for the year ended 31 December 2013 and 2014, respectively.

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2015.

The total dividends paid by the Company during the years ended 31 December 2013, 2014 and 2015, including the final dividends for the prior year amounting to HK$26,168,000, HK$26,168,000, HK$31,402,000 respectively, are reflected in the Financial Information.

On 20 January 2016, the directors of the Company have proposed a special dividend of not less than HK$1.147 per share before the completion of the disposal of the entire equity interests in Datong Global Holdings Limited and Xingao Limited and their subsidiaries to Fulcrest, totalling not less than HK$300 million, and conditional on the completion of the disposal, another special dividend of not less than HK$2.293 per share, totalling not less than HK$600 million. These special dividends are subject to approval by independent shareholders at an extraordinary general meeting.

14. INVESTMENT PROPERTIES

	At 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Fair value			
At the beginning of year	956,907	972,262	1,022,169
Exchange realignment	12,179	(11,164)	(23,515)
Change in fair value	3,176	61,071	(15,996)
At the end of year	972,262	1,022,169	982,658

The Group's investment properties are measured using the fair value model and are leased to third parties under operating leases to earn rental income, further details of which are set out in note 29.

The fair value of the Group's investment properties as at 31 December 2013 and 2014 have been arrived at on the basis of valuations carried out by A.G. Wilkinson & Associates (Surveyors) Limited ("A.G. Wilkinson & Associates") and the fair value of the Group's investment properties as at 31 December 2015 have been arrived at on the basis of a valuation carried out by Asset Appraisal Limited ("Asset Appraisal"). Both A.G. Wilkinson & Associates and Asset Appraisal are independent qualified professional valuers. Both of them are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of properties in the PRC and Hong Kong when they value the investment properties of the Group.

The valuation of the investment properties as at 31 December 2013 is determined using comparison method of valuation (for apartments in Hong Kong) which is based on an open market basis assuming sale of the property interests with vacant possession and by reference to comparable market transactions available in the relevant market, as well as investment method of valuation (for other properties) which is based on capitalisation of the net income and with due regards to the reversionary income potential of the property interests.

The valuation of all the investment properties as at 31 December 2014 and 2015 are determined using investment method of valuation which is used direct capitalisation approach by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of properties.

The following table analyses the investment properties carried at fair value by valuation method:

	Fair value measurement at 31 December 2013 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	HK$'000	*HK$'000*	*HK$'000*
Recurring fair value measurements			
Investment properties			
Shops in Hong Kong	—	—	464,200
Apartments in Hong Kong	—	65,100	—
Car park in Hong Kong	—	—	1,140
Properties in Shanghai, the PRC	—	—	441,822
	—	65,100	907,162

	Fair value measurement at 31 December 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	HK$'000	*HK$'000*	*HK$'000*
Recurring fair value measurements			
Investment properties			
Shops in Hong Kong	—	—	480,200
Apartments in Hong Kong	—	—	65,900
Car park in Hong Kong	—	—	1,270
Properties in Shanghai, the PRC	—	—	474,799
	—	—	1,022,169

	Fair value measurement at 31 December 2015 using		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	HK$'000	*HK$'000*	*HK$'000*
Recurring fair value measurements			
Investment properties			
Shops in Hong Kong	—	—	444,300
Apartments in Hong Kong	—	—	57,500
Car park in Hong Kong	—	—	1,300
Properties in Shanghai, the PRC	—	—	479,558
	—	—	982,658

The Group's policy is to recognise transfers to and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 31 December 2014, due to lack of comparable market transactions available in the relevant market for determining the fair values of the apartments in Hong Kong by applying comparison method, valuation technique of determining the fair values of the apartments in Hong Kong changes to investment method. Accordingly, the fair value hierarchy of the fair values at apartments in Hong Kong was reclassified from Level 2 to Level 3.

Save as mentioned above, there were no transfers between Level 1, Level 2 and Level 3 during the Relevant Periods.

The following table reconciles the fair value measurement of investment properties using significant unobservable inputs (Level 3):

	Shops in Hong Kong	Apartments in Hong Kong	Car park space in Hong Kong	Properties in Shanghai	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	459,700	—	1,100	428,507	889,307
Exchange realignment	—	—	—	12,179	12,179
Net gain from fair value measurement					
— Included in "Change in fair value of investment properties"	4,500	—	40	1,136	5,676
At 31 December 2013 and 1 January 2014	464,200	—	1,140	441,822	907,162
Transfer from Level 2	—	65,100	—	—	65,100
Exchange realignment	—	—	—	(11,164)	(11,164)
Net gain from fair value measurement					
— Included in "Change in fair value of investment properties"	16,000	800	130	44,141	61,071
At 31 December 2014 and 1 January 2015	480,200	65,900	1,270	474,799	1,022,169
Transfer to Level 2					
Exchange realignment	—	—	—	(23,515)	(23,515)
Net gain from fair value measurement					
— Included in "Change in fair value of investment properties"	(35,900)	(8,400)	30	28,274	(15,996)
At 31 December 2015	444,300	57,500	1,300	479,558	982,658
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 December 2013	4,500	—	40	1,136	5,676
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 December 2014	16,000	800	130	44,141	61,071
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 December 2015	(35,900)	(8,400)	30	28,274	(15,996)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

As at 31 December 2013

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops	Hong Kong	Investment method of valuation — Capitalisation of net income	Level 3	Market rent (per month)	HK$283.5 to HK$789 per square foot ("sq.ft.")	The higher the rental value, the higher the fair value
				Market yield	3.25% to 4.70%	The higher the market yield, the lower the fair value
				Term yield	2.57% to 5.24%	The higher the term yield, the lower the fair value
				Outgoing rate	3.00% to 6.50%	The higher the outgoing rate, the lower the fair value
Apartments	Hong Kong	Comparison method	Level 2	N/A	N/A	N/A
Car park space	Hong Kong	Comparison method	Level 3	Discount on age, location and grading of the car park space	–23.00% to –23.50%	The higher the discount, the lower the fair value
Apartments, shops and car park spaces	Shanghai, the PRC	Investment method of valuation — Capitalisation of net income	Level 3	Market rent (per month)	Apartments and shops: Renminbi ("RMB") 51.60 to RMB257 per sq. m. Car park: RMB825 per square metre ("sq.m.")	The higher the rental value, the higher the fair value
				Market yield	4.30% to 6.00%	The higher the market yield, the lower the fair value
				Term yield	3.14% to 5.79%	The higher the term yield, the lower the fair value
				Outgoing rate	3.00%	The higher the outgoing rate, the lower the fair value

As at 31 December 2014

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops, apartments and car park space	Hong Kong	Investment Method of valuation — Capitalisation of net income	Level 3	Market rent (per month)	Shops: HK$300.68 to HK$845.00 per sq.ft. Apartments: HK$58.9 to HK$65.49 per sq.ft. Car park space: HK$4,525 monthly basis	The higher the rental value, the higher the fair value
				Market yield	2.35% to 4.75%	The higher the market yield, the lower the fair value
				Term yield	1.92% to 5.10%	The higher the term yield, the lower the fair value
				Outgoing rate	3.00% to 6.50%	The higher the outgoing rate, the lower the fair value
Apartment, shops and car park spaces	Shanghai, the PRC	Investment Method of valuation — Capitalisation of net income	Level 3	Market rent (per month)	Apartments and shops: RMB83.60 to RMB256.5 per sq. m. Car park spaces: RMB912 per unit	The higher the rental value, the higher the fair value
				Market yield	4.10% to 5.65%	The higher the market yield, the lower the fair value
				Term yield	2.59% to 5.13%	The higher the term yield, the lower the fair value
				Outgoing rate	3.00% to 5%	The higher the outgoing rate, the lower the fair value

As at 31 December 2015

Properties	Location	Valuation technique	Fair value hierarchy	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops, apartments and car park space	Hong Kong	Investment method of valuation — Capitalisation of net income	Level 3	Market rent (per month)	Shops: HK$198.26 to HK$896.86 per sq.ft. Apartments: HK$52.84 per sq.ft. For car park space: HK$4,117 monthly basis	The higher the rental value, the higher the fair value
				Market yield	2.00% to 2.50%	The higher the market yield, the lower the fair value
				Term yield	2.48% to 5.46%	The higher the term yield, the lower the fair value
				Reversionary yield	2.50% to 3.00%	The higher the reversionary yield, the lower the fair value
Apartments, shops and car park spaces	Shanghai, the PRC	Investment method of valuation — Capitalisation of net income	Level 3	Market rent (per month)	Apartments and shops: RMB52.51 to RMB226.26 per sq. m. Car park spaces: RMB825 per unit	The higher the rental value, the higher the fair value
				Market yield	3.00% to 5.00%	The higher the market yield, the lower the fair value
				Term yield	2.00% to 5.40%	The higher the term yield, the lower the fair value
				Reversionary yield	3.50% to 5.50%	The higher the reversionary yield, the lower the fair value

The fair value measurement is based on the highest and best use of the investment properties, which does not differ from their actual use.

Certain investment properties with an aggregate carrying amount of HK$807,806,000, HK$844,502,000 and HK$798,850,000 are pledged to secure banking facilities granted to the Group as at 31 December 2013, 2014 and 2015 (note 31).

The carrying amount of Group's investment properties is analysed as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Properties situated in:			
— leasehold land in Hong Kong under:			
Long-term lease	465,340	481,470	445,600
Medium-term lease	65,100	65,900	57,500
	530,440	547,370	503,100
— leasehold land outside Hong Kong under:			
Long-term lease	278,506	298,402	297,050
Medium-term lease	163,316	176,397	182,508
	441,822	474,799	479,558
	972,262	1,022,169	982,658

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Leasehold improvements	Motor vehicles	Furniture, fixtures and office equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2013	38,216	9,569	14,901	2,087	6,999	71,772
Exchange realignment	—	93	210	40	105	448
Additions	—	—	—	333	74	407
Disposals	—	—	—	(146)	—	(146)
At 31 December 2013 and 1 January 2014	38,216	9,662	15,111	2,314	7,178	72,481
Exchange realignment	—	(85)	(137)	(42)	(79)	(343)
Additions	—	—	—	—	68	68
At 31 December 2014 and 1 January 2015	38,216	9,577	14,974	2,272	7,167	72,206
Exchange realignment	—	(157)	(70)	(46)	(108)	(381)
Additions	—	—	1,960	1,315	195	3,470
Disposals/Write-off	—	—	(5,137)	(1,362)	(2,505)	(9,004)
At 31 December 2015	38,216	9,420	11,727	2,179	4,749	66,291
ACCUMULATED DEPRECIATION						
At 1 January 2013	1,513	1,429	8,765	1,380	5,897	18,984
Exchange realignment	—	26	196	15	103	340
Provided for the year	318	222	1,864	296	356	3,056
Write back on disposal	—	—	—	(126)	—	(126)
At 31 December 2013 and 1 January 2014	1,831	1,677	10,825	1,565	6,356	22,254
Exchange realignment	—	(33)	(113)	(28)	(63)	(237)
Provided for the year	318	226	1,069	298	267	2,178
At 31 December 2014 and 1 January 2015	2,149	1,870	11,781	1,835	6,560	24,195
Exchange realignment	—	(64)	(67)	(1)	(102)	(234)
Provided for the year	319	222	1,281	187	298	2,307
Write back on disposal/ Write-off	—	—	(5,059)	(979)	(2,217)	(8,255)
At 31 December 2015	2,468	2,028	7,936	1,042	4,539	18,013
NET BOOK VALUE						
At 31 December 2013	36,385	7,985	4,286	749	822	50,227
At 31 December 2014	36,067	7,707	3,193	437	607	48,011
At 31 December 2015	35,748	7,392	3,791	1,137	210	48,278

Property, plant and equipment are depreciated on a straight-line basis to write off their cost, less estimated residual value, if any, over their estimated useful lives as follows:

Leasehold land	Over the term of the lease
Buildings	Over the shorter of the term of the lease, or 40 years
Leasehold improvements	5 years
Motor vehicles	4 years
Furniture, fixtures and office equipment	5 years

Certain leasehold land and buildings with aggregate carrying amount of HK$41,755,000, HK$41,280,000 and HK$40,804,000 are pledged to secure banking facilities granted to the Group as at 31 December 2013, 2014 and 2015 (note 31).

The carrying amount of leasehold land represents land located in Hong Kong held by the Group are classified under long-term lease as at 31 December 2013, 2014 and 2015.

16. PREPAID LEASE PAYMENTS FOR LAND

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of year	275	271	267
Amortisation for the year	(4)	(4)	(4)
At the end of year	271	267	263
The Group's prepaid lease payments for land comprise:			
Leasehold land in the PRC held under			
— Long-term lease	271	267	263
Analysed for reporting purposes as:			
— Non-current asset	267	263	259
— Current asset	4	4	4
	271	267	263

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Club debentures stated at fair value *(note (i))*	1,842	1,867	1,896
Unlisted investment stated at cost *(note (ii))*	—	—	27,300
Unlisted equity securities stated at cost *(note (iii))*	9,360	10,530	10,530
	11,202	12,397	39,726

Notes:

(i) Available-for-sale financial assets include club debentures with net carrying amounts of HK$1,842,000, HK$1,867,000 and HK$1,896,000 as at 31 December 2013, 2014 and 2015. The club debentures are stated at fair value.

(ii) During year ended 31 December 2015, the Group contributed US$3,500,000 (approximately HK$27,300,000) to a close-ended private equity fund ("the Fund"). The Fund invests a series of senior secured bonds, with the term of two years and the interest rate of 12% per annum. The principal amount and interests are payable on the maturity date. The Fund does not have a quoted market price in an active market and whose fair value cannot be reliably measured. It is measured at cost less any identified impairment losses at the end of the reporting period.

(iii) The balances of HK$9,360,000, HK$10,530,000 and HK$$10,530,000 as at 31 December 2013, 2014 and 2015 represent investment in unlisted equity securities, which are stated at cost less impairment, if any. The directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that its fair value cannot be measured reliably.

18. PROPERTIES HELD FOR SALE

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Properties held for sale			
— Prepaid lease payments for land	6,086	5,937	5,655
— Buildings	14,018	13,471	12,439
	20,104	19,408	18,094

The carrying amounts of prepaid lease payments for land of HK$6,086,000, HK$5,937,000 and HK$5,655,000 included in properties held for sale represent interest in land held by the Group under long-term lease as at 31 December 2013, 2014 and 2015.

19. INVENTORIES

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trading merchandises	32,234	63,353	70,314

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables, net *(note (a))*	243,694	70,513	117,610
Prepayments, deposits and other receivables, net *(note (b))*	43,067	80,692	77,563
	286,761	151,205	195,173
Less: Current portion	(286,761)	(151,205)	(163,380)
Non-current portion	—	—	31,793

Notes:

(a) Trade and bills receivables

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables	247,276	72,683	128,816
Less: Allowance for doubtful debts *(note (c))*	(3,582)	(2,170)	(11,206)
Trade and bills receivables, net	243,694	70,513	117,610

The Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 180 days and bank's acceptance bills up to a tenor of 30 to 60 days during the Relevant Periods. For other trade receivables, the Group allows a credit period ranging from 30 to 90 days during the Relevant Periods. Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers are reviewed once a year.

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts), based on invoice dates, as of the end of the reporting period is as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	211,857	28,040	66,092
31–60 days	65	9,831	8,296
61–90 days	65	1,311	167
91–120 days	19	—	14,087
Over 120 days	31,688	31,331	28,968
	243,694	70,513	117,610

The ageing of trade and bills receivables which are past due but not impaired are as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days past due	65	709	203
31 to 60 days past due	65	1,428	932
61 to 90 days past due	65	1,311	167
91 to 120 days past due	19	—	—
Over 120 days past due	31,688	31,331	20,856
	31,902	34,779	22,158

As at 31 December 2013, 2014 and 2015, trade and bills receivables of HK$211,792,000, HK$35,734,000 and HK$95,452,000 are neither past due nor impaired. These relate to a number of customers and based on historical information, default risk of these trade and bills receivables is insignificant. Accordingly, no impairment provision is necessary in respect of these receivables.

Trade receivables that were past due but not impaired as at 31 December 2013, 2014 and 2015 mainly relate to a customer, Guangzhou Jinhe Feed Company Limited ("Jinhe") and further details are set out in note (c) below.

(b) Prepayments, deposits and other receivables

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments and deposits	3,625	2,644	1,614
Other receivables	40,219	78,620	80,120
	43,844	81,264	81,734
Less: Allowance for doubtful debts	(777)	(572)	(4,171)
	43,067	80,692	77,563

(c) Impairment of trade and other receivables

The movement in the allowance for doubtful debts is as follows:

Trade and bills receivables

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of year	3,549	3,582	2,170
Provision for impairment loss	—	—	9,446
Reversal of impairment loss previously recognised	(45)	(1,355)	—
Exchange realignment	78	(57)	(410)
At the end of year	3,582	2,170	11,206

Other receivables

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of year	756	777	572
Provision for impairment loss	—	—	3,751
Reversal of impairment loss previously recognised	—	(187)	—
Exchange realignment	21	(18)	(152)
At the end of year	777	572	4,171

Impairment provision made at the end of the reporting period relates to:

i. trade and other receivables due from Jinhe of HK$47,118,000, HK$45,961,000 and HK$43,776,000 of which HK$2,704,000, HK$1,992,000 and HK$14,511,000 have been provided as at 31 December 2013, 2014 and 2015 respectively; and

ii. trade receivables due from other customers of HK$1,655,000, HK$750,000 and HK$866,000 which have been fully provided as the customers are in financial difficulties.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the reporting date.

As at 31 December 2013, 2014 and 2015, included in trade receivables are gross carrying amounts of HK$33,575,000, HK$32,751,000 and HK$31,194,000 respectively and included in other receivables are gross carrying amounts of HK$13,543,000, HK$13,210,000 and HK$12,582,000 respectively, due from a customer, Jinhe. These receivables are past due as at 31 December 2013, 2014 and 2015 and impairment loss amounting to HK$2,704,000, HK$1,992,000 and HK$14,511,000 in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Huang Xianning (the "Guarantor") who pledged all his rights and interests in a property investment project (the "Collateral") to secure the receivables from Jinhe (the "Collateral Arrangement").

The Group has commenced legal proceedings against Jinhe, the Guarantor and Mr. Wong Hiuman (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts).

On 29 March 2011, the Shanghai No. 2 Intermediate People's Court (the "Shanghai Court") accepted the Group's writ application against Jinhe (as first defendant), together with Mr. Wong Hiuman (as second defendant who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts) and the Guarantor (as third defendant) (collectively referred to as the "Defendants").

On 31 March 2011, the Group obtained an assets preservation order (the "First Order") from the Shanghai Court to seal up certain assets, including the Collateral, of the Defendants. The Group has paid RMB5,536,000 (equivalent to approximately HK$6,832,000) to the Shanghai Court and sealed up certain buildings, land use rights and properties held for sale with carrying amounts of HK$2,659,000, HK$279,000 and HK$1,356,000 respectively as guarantee for the application of the First Order.

On 13 November 2011, the Group withdrew the writ application against the Guarantor from the Shanghai Court and made an arbitration application to the China International Economic and Trade Arbitration Commission, Shanghai Sub-Commission (the "Arbitration Commission") against the Guarantor. On the same date, the Collateral was released from the First Order.

On 1 December 2011 and 10 January 2012, hearings were held in the Shanghai Court in relation to the legal proceedings. On 11 January 2012, the first hearing was held by the Arbitration Commission.

On 13 June 2012, the Shanghai Court released (i) the amount paid by the Group to it of RMB5,536,000; and (ii) certain properties held for sale which had been held by the Shanghai Court as guarantee for the application of the assets preservation order in respect of the Collateral which was granted by the Shanghai Court on 31 March 2011.

On 27 August 2012, the Higher's People's Court of Shanghai (the "Shanghai Higher Court") appointed an independent accounting firm to carry out judicial audit for the claims made by the Group against Jinhe. The judicial audit was completed during the year ended 31 December 2013.

On 28 June 2013, a hearing was held in the Shanghai Court. Another hearing was held in the Shanghai Court on 12 August 2013 and in the hearing, the findings of the judicial audit were presented.

On 24 October 2013, the Shanghai Court released a judgement and concluded the case. In summary, the Shanghai Court adjudged that Jinhe has to compensate the Group for the losses arising from price differences of reselling the inventories, the expenses paid by the Group on behalf of Jinhe as well as the import agency fee to the Group and that Mr. Wong Hiuman should have the responsibility to bear all the above compensation under his guarantee. However, the Shanghai Court did not agree with the Group's claims for overdue interest and legal and professional fees and suggested to limit such overdue interest to RMB5,000,000.

On 7 November 2013 and 27 November 2013 respectively, Jinhe and Mr. Wong Hiuman lodged appeal application to the Shanghai Higher Court. On 27 December 2013, the Shanghai Higher Court issued a summons to the Group to request the Group to have a discussion with the judge on 7 January 2014. On 5 March 2014, the Shanghai Higher Court issued a summons to notify the Group that a hearing will be held on 9 April 2014.

On 7 January 2014, the Shanghai Higher Court invited the representative of the Group to have a general meeting with the judge to have a brief understanding of the case. In the discussion, Jinhe and Mr. Wong Hiuman explained their appeal application and the grounds while the Group responded to the allegations. In summary, the judged has obtained preliminary understandings of the appeal application so as to prepare for the next hearing.

On 9 April and 28 April 2014, two hearings were held at the Shanghai Higher Court. After the hearing on 28 April 2014, the judge enquired the parties if they were willing to settle the dispute through mediation and the Group, Jinhe and Mr. Wong Hiuman all agreed to accept the court mediation. However, Jinhe had not provided any mediation plan since that hearing. As a result, on 1 August 2014, the Group had notified the Shanghai Higher Court in writing not to enter into mediation and requested the Shanghai Higher Court to make adjudication in due course.

On 16 January 2015, the Shanghai Higher Court released a judgement (the "Judgement") that Jinhe has to compensate the Group for the losses arising from price differences of reselling the inventories and the expenses paid by the Group on behalf of Jinhe as well as the import agency fee to the Group, and that Mr. Wong Hiuman should have the responsibility to bear all the above compensation under his obligation. Pursuant to the Judgement, Jinhe and Mr. Wong Hiuman should compensate the Group within 10 days from the date of the Judgement, but they failed to do so.

On 9 February 2015, the Group has lodged an application for enforcement to the Shanghai Court to execute the Judgement (the "Enforcement"). On 5 August 2015, Jinhe and Mr. Wong Hiuman have lodged an application for appeal (the "Appeal") to the Supreme People's Court of the PRC in respect of the Judgement, and the Supreme People's Court of the PRC has rejected the Appeal on 17 December 2015. Up to the date of issuance of the Financial Information, the Enforcement is still in progress.

Regarding to the Collateral, the Group sought for judgement from the Arbitration Commission to request the Guarantor to reimburse the Group for amounts due from Jinhe.

On 13 November 2011, the Group made an arbitration application to the Arbitration Commission against the Guarantor. The Group, through the application to the Arbitration Commission, obtained an assets preservation order (the "Second Order") from the Heyuan Intermediate People's Court (the "Heyuan Court") to seal up the Collateral pledged by the Guarantor on 28 November 2011. At the same time, the Group is required to charge a time deposit amounting to RMB13,500,000 (note 23), to the Heyuan Court as guarantee for the application of the Second Order. However, the arbitration application was held up.

On 4 February 2015, the Group applied arbitration (the "Arbitration") against the Guarantor in respect of the Group's right to receive compensation under the Collateral Arrangement and the Arbitration Commission accepted the application. In accordance with an order from the tribunal, the Group and the Guarantor have submitted their respective statement of opinion to the arbitration to the tribunal before 17 August 2015 and an arbitration hearing has been held on 13 November 2015. Subsequent to the hearing on 13 November 2015, the Group and the Guarantor have submitted their respective statement of further opinion to the arbitration. Up to the date of issuance of the Financial Information, the Arbitration is still in progress and the tribunal has not yet formed any award in respect of the Group's right to receive compensation under the Collateral Arrangement.

For the years ended 31 December 2013 and 2014, based on the advice of the Group's PRC legal counsel, the management is optimistic that the Group is able to recover the amounts due from Jinhe. However, having considered the time needed for the judiciary to handle the appeal application by Jinhe and Mr. Wong Hiuman, to come up with final decision and for the execution of orders, the management has discounted the receivable balances by two years for 31 December 2013 and one and a half years for 31 December 2014 using a pre-tax discount rate of 3% to reflect the time value of money. As a result of the discount, the carrying value of the trade receivables due from Jinhe are reduced by HK$1,927,000 and HK$1,420,000 and the other receivables due from Jinhe are reduced by HK$777,000 and HK$572,000 as at 31 December 2013 and 2014, respectively.

For the year ended 31 December 2015, based on opinion of the Group's PRC legal counsel, it may take a substantial period of time for the tribunal to form an award to the Arbitration. The PRC legal counsel also opined that even if an award is formed by the tribunal, the Guarantor may disagree with or not follow the award to fulfill his obligation under the Collateral Arrangement, and the Group will then have to apply for a civil enforcement to a court for obtaining or selling the Guarantor's interest in the Investment Project so as to recover the amounts due from Jinhe. After taking into account of the opinion of the Group's PRC legal counsel, the management considered that the Group will be able to recover the amounts due from Jinhe, but after a considerable period of time which is subject to the progress of the Arbitration and the possible legal actions to be taken against the Guarantor in respect of the Collateral Arrangement, if any. Having considered the estimated time for the Arbitration and the possible legal actions to be taken against the Guarantor in respect of the Collateral Arrangement, the management has calculated the present value of trade receivables and other receivables due from Jinhe by discounting its estimated future cash flows by ten years using a pre-tax discount rate of 3% per annum to reflect the time value of money for the year ended 31 December 2015. As a result of the discount, the Group has provided impairment on the trade receivables and other receivables due from Jinhe of HK$10,340,000 and HK$4,171,000 respectively as at 31 December 2015.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Equity securities held for trading, at fair value			
— Listed in Hong Kong	19,689	362	—
Debt securities held for trading, at fair value			
— Listed in Hong Kong	7,052	162,682	191,043
— Listed outside Hong Kong	49,876	—	7,729
— Traded on OTC outside Hong Kong	22,592	—	—
	79,520	162,682	198,772
	99,209	163,044	198,772

The fair values of the equity and debt securities listed and traded on over-the-counter ("OTC") are determined based on quoted market prices available on the relevant stock exchanges and the OTC market described in note 37.

As at 31 December 2013, certain equity and debt securities of HK$90,298,000 are pledged against borrowings (note 31). No securities are pledged as at 31 December 2014 and 2015.

22. DERIVATIVE FINANCIAL ASSETS

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Derivative financial assets			
Foreign currency deliverable forward contracts	4,957	—	—
Cross-currency interest rate swap arrangements	—	38	—
	4,957	38	—

Foreign currency deliverable forward contracts

During the year ended 31 December 2013, the Group entered into several foreign currency deliverable forward contracts to gain from appreciation of RMB. These instruments are to be settled on gross basis on the maturity dates of the instruments and details are set out as follows:

As at 31 December 2013, the notional amount of the deliverable forward contracts which sell USD and purchase RMB amounted to USD20,000,000. The maturity of the contracts ranges from six months to seven months subsequent to the end of the reporting period. The contract rates range from RMB6.27: USD1 to RMB6.28: USD1. The fair value of the Group's foreign currency deliverable forward contracts is estimated to be financial assets of approximately HK$4,957,000 as at 31 December 2013.

As at 31 December 2014 and 2015, the Group did not have any outstanding foreign currency deliverable forward contracts.

Cross-currency interest rate swap arrangements

During the year ended 31 December 2014, the Group entered into cross-currency interest rate swap arrangements with a bank in order to earn interest differentials between RMB bank deposits and USD bank loans. Under the arrangements, the Group simultaneously placed fixed-rate RMB deposits, arranged floating-rate USD bank loans and entered into foreign currency forward contracts and interest rate swap contracts with same notional amount and maturity period with the bank. In effect, the Group is not exposed to exchange rate fluctuation despite the deposits and the bank loans are denominated in different currencies and the Group is able to earn interest differentials arising from RMB deposits and the USD bank loans. These contracts are arranged by the Group with the bank as a package and they cannot be terminated until the respective maturity dates and must be settled simultaneously. These cross-currency interest rate swap arrangements are accounted for a single derivative financial instruments measured at fair value through profit or loss.

As at 31 December 2014, the notional amount of the two outstanding cross-currency interest rate swap arrangements amounted to approximately RMB199,204,000. The maturity of the arrangement is one month subsequent to the end of the reporting period. The fair value of the Group's cross-currency interest rate swap arrangements as at 31 December 2014 is estimated to be financial assets of approximately HK$38,000.

As at 31 December 2013 and 2015, the Group did not have any outstanding cross-currency interest rate swap arrangements.

23. RESTRICTED BANK DEPOSIT/STRUCTURED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposit

Restricted bank deposit, which was classified as non-current asset as at 31 December 2013 and current asset as at 31 December 2014, represented a time deposit with original maturity of two years up to November 2015 charged to the Heyuan Court as guarantee for the application of the Second Order to seal up Collateral pledged by the Guarantor (details are set out in note 20(c)). The restricted bank deposit carries fixed interest rate at 4.13% per annum.

During the year ended 31 December 2015, the restricted bank deposit mentioned above was matured and the Second Order is secured by another time deposit at the same amount, which has original maturity period of one year up to November 2016 and carries fixed interest rate at 2% per annum.

Structured bank deposits

The structured bank deposits are principal-protected yield enhancement bank deposits.

As at 31 December 2013, the structured bank deposits comprised:

(i) Structured bank deposits of HK$273,685,000 carried minimum interest rates ranging from 0.35% to 1.80% per annum and can be enhanced to maximum interest rates ranging from 5.00% to 5.80% per annum which is to be determined by reference to the market exchange rate of USD/AUD or USD/EUR during a pre-determined period ranging from two months to four months. The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of USD/AUD or USD/EUR.

(ii) A structured bank deposit of HK$8,952,000 which contains an option that enable the bank to recall the deposit prior to the maturity date. Such bank deposit carried interest rate at 5.10% per annum and had original maturity of 41 days.

As at 31 December 2014, the structured bank deposits comprised:

(i) Structured bank deposits of HK$62,375,000 carried a minimum interest rate 1.8% per annum and could be enhanced to a maximum interest rate ranging from 4.85% to 4.9% per annum which is to be determined by reference to the market exchange rate of USD/AUD during a pre-determined period ranging from two months to four months. The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate USD/AUD.

(ii) Structured bank deposits of HK$174,650,000 which contains an option that enable the bank to recall the deposit prior to the maturity date. Such bank deposits carried interest rates at ranging from 4.85% to 5.00% per annum and had original maturity of ranging from 66 days to 88 days.

At 31 December 2015, the Group did not have any structured bank deposits.

The directors of the Company consider that the fair value of the derivatives embedded in these structured bank deposits is minimal and hence no derivative financial instrument is recognised.

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Cash at banks earned interest at floating rates based on daily bank deposit rates. Short-term bank deposits earn market interest rates ranging from 1.07% to 1.68%, 0.64% to 0.90% and 0.01% to 0.79% per annum as at 31 December 2013, 2014 and 2015.

As at 31 December 2013, 2014 and 2015, included in bank deposits, bank balances and cash of the Group, HK$314,960,000, HK$346,211,000 and HK$52,581,000 are denominated in RMB and deposited with banks in the PRC. RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB into foreign currencies through the banks authorised to conduct foreign exchange business.

24. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables, based on invoice dates, as at the end of the reporting period is as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	181,751	63,464	40,160
31–60 days	—	3,463	156
Over 120 days	5,030	6,265	2,448
	186,781	73,192	42,764

In respect of trade payables, the average credit period is 30 days during the Relevant Periods.

25. BORROWINGS

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Secured			
Bank loans	158,382	192,112	114,293
Other loan	12,677	—	—
	171,059	192,112	114,293

The currencies analysis of borrowings of the Group as of the reporting period are as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
HK$	113,578	138,025	82,381
USD	44,804	54,087	31,912
AUD	12,677	—	—
	171,059	192,112	114,293

The analysis of the carrying amounts of borrowings is as follows:

	At 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Current			
Bank loans repayable within one year	21,973	77,831	18,652
Other loan repayable within one year and contains repayment on demand clause	12,677	—	—
	34,650	77,831	18,652
Non-current			
Bank loans repayable after one year	136,409	114,281	95,641
	171,059	192,112	114,293

Note: Other loan as at 31 December 2013 represented a 15-day investment loan from a financial institution with outstanding balance of HK$12,677,000 which was repayable on 2 January 2014 but was renewable by the Group. The loan agreement of this loan contained a clause that provided the lender with an unconditional right to demand repayment at any time at its discretion.

Based on the scheduled repayment dates set out in loan agreements and ignore the effect of any repayment on demand clause, borrowings were repayable as follows:

	At 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Within one year	34,650	77,831	18,652
More than one year, but not exceeding two years	22,111	18,653	15,525
More than two years, but not exceeding five years	49,791	46,937	44,098
More than five years	64,507	48,691	36,018
	171,059	192,112	114,293

As at 31 December 2013, 2014 and 2015, included in the Group's borrowings were variable-rate borrowings of HK$158,382,000, HK$152,112,000 and HK$114,293,000, which carried interest at HIBOR or LIBOR plus certain basis points and thus were subject to cash flow interest rate risk.

As at 31 December 2013, the Group's fixed-rate borrowings of HK$12,677,000 represented a 15-day investment loan which carries interest at 3.1% per annum and was arranged by the Group in connection with the investment in certain debt securities (note 31).

As at 31 December 2014, the Group's fixed-rate borrowing amounted to HK$40,000,000 which was interest-bearing at 2.24% per annum.

The effective interest rates per annum at the end of the reporting period on the borrowings of the Group were as follows:

	HK$	USD	AUD
As at 31 December 2013			
Variable-rate borrowings:			
Bank loans	1.69%	1.30%	—
Fixed-rate borrowings:			
Other loan	—	—	3.10%
As at 31 December 2014			
Variable-rate borrowings:			
Bank loans	1.74%	1.07%	—
Fixed-rate borrowings:			
Bank loan	2.24%	—	—
As at 31 December 2015			
Variable-rate borrowings:			
Bank loans	1.58%	1.33%	—

The Group's borrowings are secured by certain investment properties, leasehold land and buildings and financial assets at fair value through profit or loss as further details in note 31. Guarantees were also given by the Company in respect of certain subsidiaries' borrowings as below:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Corporate guarantees given to banks and financial institutions in respect of banking facilities given to subsidiaries	2,058,445	1,921,851	1,799,273

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
HK$	12,123	47,683	3,243
AUD	12,677	—	—

At the end of the reporting period, the Group has the following undrawn banking facilities:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Expiring within one year	1,980,896	1,263,965	1,209,614

The facilities expiring within one year are annual facilities subject to review at various dates during the subsequent year.

26. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised		
Ordinary shares of HK$0.2 each:		
At 1 January and 31 December 2013	500,000,000	100,000
The concept of authorised share capital was abolished on 3 March 2014 *(note)*	(500,000,000)	(100,000)
At 31 December 2014 and 2015	—	—
Issued and fully paid:		
At 1 January and 31 December 2013	261,684,910	52,337
Transfer from share premium account on 3 March 2014 *(note)*	—	19,516
At 31 December 2014 and 2015	261,684,910	71,853

Note: Under Section 135 of the Hong Kong Companies Ordinance, Cap. 622 (the "New Companies Ordinance"), which commenced operation on 3 March 2014, the concept of "authorised share capital" and "par value" no longer exist. As part of the transition to no-par value regime, the amount standing to the credit of the share premium account on 3 March 2014 amounting to HK$19,516,000 have become part of the Company's share capital, under the transitional provisions set out in Schedule 11 of the New Companies Ordinance. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

Share options

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee (whether full time or part time employee) or executive director of the Company or any of its subsidiaries or any invested entity (any entity in which the Group holds any equity interest); any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any invested entity of the Company; any supplier of goods or services to any member of the Group or any invested entity; any customer of the Group or any invested entity; any person or entity that provides research, development, or other technological support to the Group or any invested entity; and any shareholder of any member of the Group or any invested entity or any holder of securities issued by any member of the Group or any invested entity. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company (the "Limit") must not in aggregate exceed 26,168,491 shares, representing 10% of the ordinary shares of the Company in issue as at the date of this annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in the 12-month period up to and including the date of such further grant in excess of this Limit is subject to shareholders' approval in a general meeting.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors, other than an independent non-executive director who is proposed to be a grantee. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the board of directors, save that such a period shall not be more than 10 years from the date of offer of the share options subject to the provisions for early termination as set out in the Scheme. Unless otherwise determined by the board of directors at its sole discretion, there is no requirement of minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price of the share options is determinable by the board of directors, but shall not be less than the highest of:

i. the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the share options which must be a trading day;

ii. the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and

iii. the nominal value of the Company's shares.

No share options have been granted under the Scheme since its adoption.

27. RESERVES

The Group

The nature of reserves is as follows:

Share premium

Prior to 3 March 2014, the application of the share premium account was governed by s.48B of the Hong Kong Companies Ordinance, Cap. 32. In accordance with the transitional provisions set out in s.37 of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 (the Ordinance) any amount standing to the credit of the share premium account at the beginning of 3 March 2014 became part of the Company's share capital. The use of this share premium balance is governed by s.38 of Schedule 11 to the Ordinance.

Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy adopted in note 4.11.

Properties revaluation reserve

Properties revaluation reserve represents gains or losses arising on the revaluation of properties (other than investment properties).

Investment revaluation reserve

Investment revaluation reserve represents gains or losses arising on remeasuring financial assets classified as available-for-sale financial assets at fair value.

The Company

Details of movements in the Company's reserves are as follows:

	Share premium *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2013	19,516	477,418	496,934
Profit for the year	—	53,166	53,166
2012 final dividends *(note 13)*	—	(26,168)	(26,168)
At 31 December 2013 and 1 January 2014	19,516	504,416	523,932
Transfer upon abolition of nominal value of shares on 3 March 2014	(19,516)	—	(19,516)
Profit for the year	—	5,932	5,932
2013 final dividends *(note 13)*	—	(26,168)	(26,168)
At 31 December 2014 and 1 January 2015	—	484,180	484,180
Profit for the year	—	292,831	292,831
2014 final dividends *(note 13)*	—	(31,402)	(31,402)
At 31 December 2015	—	745,609	745,609

28. DEFERRED TAXATION

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the Relevant Periods:

	Accelerated tax depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 January 2013	9,288	44,035	(247)	53,076
Exchange realignment	226	1,257	—	1,483
Charged to profit or loss *(note 11)*	868	493	38	1,399
At 31 December 2013 and 1 January 2014	10,382	45,785	(209)	55,958
Exchange realignment	(215)	(1,176)	—	(1,391)
Charged to profit or loss *(note 11)*	1,390	6,997	116	8,503
At 31 December 2014 and 1 January 2015	11,557	51,606	(93)	63,070
Exchange realignment	(487)	(2,623)	—	(3,110)
Charged/(Credited) to profit or loss *(note 11)*	1,630	5,077	(82)	6,625
At 31 December 2015	12,700	54,060	(175)	66,585

Represented by:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax liabilities	56,119	63,163	67,037
Deferred tax assets	(161)	(93)	(452)
Deferred taxation	55,958	63,070	66,585

As at 31 December 2013, 2014 and 2015, the Group has unused tax losses of approximately HK$56,700,000, HK$18,670,000 and HK$16,281,000 available for offset against future profits. Deferred tax assets of approximately HK$209,000, HK$93,000 and HK$452,000 have been recognised in respect of approximately HK$$1,270,000, HK$565,000 and HK$2,739,000 of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$55,430,000, HK$18,105,000 and HK$13,542,000 due to the unpredictability of future profit streams.

As at 31 December 2013, losses amounting to HK$28,474,000 will expire from 2014 to 2018 and losses amounting to HK$28,226,000 have no expiry date.

As at 31 December 2014, losses amounting to HK$1,094,000 will expire from 2015 to 2019 and losses amounting to HK$17,576,000 have no expiry date.

As at 31 December 2015, losses amounting to HK$2,228,000 will expire from 2016 to 2020 and losses amounting to HK$14,053,000 have no expiry date.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2013, 2014 and 2015, no deferred tax liabilities have been recognised in respect of the temporary differences of approximately HK$941,000, HK$2,061,000 and HK$1,406,000 associated with undistributed earnings of certain subsidiaries established and operate in the PRC because the Group is in a position to control the dividend policies of its subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

29. OPERATING LEASE ARRANGEMENTS

As lessee

As at 31 December 2013, 2014 and 2015, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,538	1,388	2,570
In the second to fifth year inclusive	308	39	186
	1,846	1,427	2,756

Operating lease payments represent rental payable by the Group for certain land and buildings. Leases for these land and buildings are negotiated for terms of one to two years with fixed rentals during the Relevant Periods.

As lessor

The Group leases its investment properties and at the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	36,665	39,010	32,755
In the second to fifth year inclusive	71,185	66,312	61,633
Over five years	14,723	9,517	22,593
	122,573	114,839	116,981

Leases are negotiated for an average term ranging from one to ten years with fixed rentals over the terms of the leases during the Relevant Periods.

30. RETIREMENT BENEFIT SCHEME

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

Employees who were members of a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance prior to the establishment of the MPF Scheme were required to switch to the MPF Scheme from 1 December 2000 onwards, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK$1,500. (From 1 June 2012 to 31 May 2014: HK$1,250) per month whichever is the smaller to the scheme.

The employees of the subsidiaries of the Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total cost charged to profit or loss of HK$1,353,000, HK$1,480,000 and HK$1,258,000 represents contributions paid/payable to the above retirement benefit schemes, by the Group during each of the years ended 31 December 2013, 2014 and 2015.

31. PLEDGE OF ASSETS

As at 31 December 2013, 2014 and 2015, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks and financial institutions to secure for borrowings and banking facilities:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Investment properties *(note 14)*	807,806	844,502	798,850
Leasehold land and buildings *(note 15)*	41,755	41,280	40,804
Financial assets at fair value through profit or loss *(note 21)*	90,298	—	—

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Interests in subsidiaries	33	108,436	108,436	108,436
Deferred tax assets		—	—	2
		108,436	108,436	108,438
Current assets				
Other receivables, prepayments and deposits		808	1,072	388
Amounts due from subsidiaries		676,601	653,660	834,674
Bank balances and cash		1,389	2,363	1,738
		678,798	657,095	836,800
Current liabilities				
Other payables and accrued expenses		3,353	4,538	6,568
Amounts due to subsidiaries		150,677	158,888	86,042
Borrowings		10,866	10,921	9,761
Tax payable		9	9	11
		164,905	174,356	102,382
Net current assets		513,893	482,739	734,418
Total assets less current liabilities		622,329	591,175	842,856
Non-current liabilities				
Borrowings		46,060	35,142	25,394
Net assets		576,269	556,033	817,462
EQUITY				
Share capital	26	52,337	71,853	71,853
Reserves	27	523,932	484,180	745,609
Total equity		576,269	556,033	817,462

33. INTERESTS IN SUBSIDIARIES

	At 31 December 2013 HK$'000	2014 HK$'000	2015 HK$'000
Unlisted shares, at cost	131,295	131,295	127,423
Deemed capital contribution in subsidiaries	32,782	—	—
Less: Impairment losses recognised	(55,641)	(22,859)	(18,987)
	108,436	108,436	108,436

As at 31 December 2013, 2014 and 2015, the directors of the Company assessed the recoverable amount of the Company's interests in subsidiaries with reference to the directors' estimate of discounted future cash flows and net assets of these investments as at the end of the reporting period.

Based on the impairment assessment, impairment loss of HK$32,782,000 (2014 and 2015: nil) has been recognised during the year ended 31 December 2013 in respect of these investments.

Particulars of the subsidiaries as at 31 December 2013, 2014 and 2015 are as follows:

Name of company	Place/Country of incorporation/operations	Issued share capital/ paid-up capital	Percentage of issued share capital held by the Company At 31 December 2013	2014	2015	Principal activities
Adamgate Limited	British Virgin Islands	1 ordinary share of US$1	100%	100%	100%	Investment holding
Poppins Properties Limited	British Virgin Islands	55,603 ordinary shares of US$1 each	100%	100%	100%	Investment holding
Datong Global Holdings Limited	British Virgin Islands	1 ordinary share of US$1	—	—	100%	Investment holding
Xingao Limited	British Virgin Islands	1 ordinary share of US$1	—	—	100%	Investment holding
Great China Development (Shanghai) Limited	British Virgin Islands	10 ordinary shares of US$1 each	100%	—	—	Investment holding, dissolved in 2014
Capital Head Investment Limited	Hong Kong	Ordinary shares of HK$2	100%	100%	100%	Property investment in Shanghai, the PRC
Concord Trinity Development Limited	Hong Kong	Ordinary shares of HK$2 and non-voting deferred shares of HK$2 *(note)*	100%	100%	100%	Property investment in Shanghai, the PRC
Dajen Properties Limited	British Virgin Islands	1 ordinary share of US$1	100%	100%	100%	Investment holding
G.C. Luckmate Trading Limited	Hong Kong	Ordinary shares of HK$4,000,000	100%	100%	100%	Animal feed trading
G.C. Luckmate Trading (China) Limited	Hong Kong	Ordinary shares of HK$2	100%	100%	100%	Animal feed trading
G.C. Luckmate Trading (Asia) Limited	Hong Kong	Ordinary shares of HK$2	100%	100%	100%	Animal feed trading

Name of company	Place/Country of incorporation/operations	Issued share capital/ paid-up capital	Percentage of issued share capital held by the Company At 31 December 2013	2014	2015	Principal activities
G.C. Luckmate Trading (International) Limited	Hong Kong	Ordinary shares of HK$2	100%	100%	100%	Animal feed trading
G C Nominees Limited	Hong Kong	Ordinary shares of HK$100	100%	100%	100%	Investment holding
Halesite Limited	Hong Kong	Ordinary shares of HK$4,000,000	100%	100%	100%	Property investment
Haode Property Management (Shanghai) Company Limited*	PRC	Registered capital of US$500,000	100%	100%	100%	Real estate agent, in Shanghai, the PRC
Glory South Investment Limited	Hong Kong	Ordinary shares of HK$2	100%	100%	100%	Property investment
Great China Commodities Limited	British Virgin Islands	Ordinary shares of US$10,000 of US$1 each	100%	100%	100%	Investment holding
Honour Alliance Development Limited	Hong Kong	Ordinary shares of HK$100	100%	100%	100%	Property investment
Jasmine Ocean Limited	British Virgin Islands	Ordinary share of US$1	100%	100%	100%	Ship chartering
Jelson Enterprises Limited	Hong Kong	Ordinary shares of HK$2 and non-voting deferred shares of HK$2 *(note)*	100%	100%	100%	Property investment in Shanghai, the PRC
Morning Sky Holdings Limited	British Virgin Islands	Ordinary share of US$1	100%	100%	100%	Investment holding
Silver Regent Development Limited	Hong Kong	Ordinary shares of HK$100	100%	100%	100%	Property investment
Sunison Development Limited	Hong Kong	Ordinary shares of HK$100	100%	100%	100%	Investment holding
Tai Loy Trading Company Limited	Hong Kong	Ordinary shares of HK$43,344,000	100%	100%	100%	Investment holding
Treasure Jubilee Limited	British Virgin Islands	1 ordinary share of US$1	—	100%	100%	Investment holding
上海裕景貿易有限公司*	PRC	Registered capital of RMB3,000,000	100%	100%	100%	Animal feed trading
博平置業(上海)有限公司*	PRC	Registered capital of US$8,460,000	100%	100%	100%	Property investment in Shanghai, the PRC
Shanghai Zenith Trading Co., Ltd.*	PRC	Registered capital of US$150,000	100%	100%	100%	Animal feed trading

* *A wholly foreign owned enterprise*

Note: The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

None of the subsidiaries had any debt security outstanding during the Relevant Periods.

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the Group had the following material transactions with related parties:

Key management compensation, representing directors' remuneration

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Fees	700	720	720
Salaries and other benefits	11,614	13,303	9,754
Retirement benefit costs — defined contribution plans	45	51	44
	12,359	14,074	10,518

35. CAPITAL COMMITMENTS

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Commitments for the acquisition of property, plant and equipment	—	—	462

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and retained profits as disclosed in note 27 and consolidated statement of changes in equity.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company prepare the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

The capital-to-overall financing ratio at reporting date was as follows:

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Capital			
Total equity	1,461,114	1,594,488	1,535,565
Overall financing			
Borrowings	171,059	192,112	114,293
Capital-to-overall financing ratio	8.54	8.30	13.44

The Group's overall strategy remains unchanged during the Relevant Periods.

37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Financial assets at fair value through profit or loss — held for trading	104,166	163,082	198,772
Loans and receivables (including bank deposits and cash at banks)	785,754	647,383	450,334
Available-for-sale financial assets	11,202	12,397	39,726
Financial liabilities			
Financial liabilities at amortised cost	449,217	308,991	196,572

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, amounts due from/to subsidiaries, bank deposits, bank balances and cash, trade and bills payables, other payables and accrued expenses, rental deposits received, borrowings and financial guarantees issued.

Due to their short-term nature, the carrying values of the above financial instruments excluding those borrowings, rental deposits received and amounts due from subsidiaries which are classified as non-current liabilities and non-current assets respectively approximate their fair values.

The fair values of those borrowings and rental deposits received which are classified as non-current liabilities and those amounts due from subsidiaries which are classified as non-current assets have been determined by using discounted cash flow models and is classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the Group and the Company as well as the borrowers. In the opinion of the directors, the carrying values of the Group's and the Company's borrowings, rental deposits received and amounts due from subsidiaries which are classified as non-current liabilities and non-current assets respectively approximate their fair values.

(b) Financial instruments measured at fair value

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The fair value of these financial assets and financial liabilities are determined as follows:

— the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets including OTC are determined with reference to quoted market prices;

— the fair value of derivative financial instruments which are not quoted in active market are determined in accordance with generally accepted pricing model based on discounted cash flow analysis using inputs from observable current market transactions and dealer quotes for similar instruments;

— the fair value of foreign currency forward contracts is determined based on the forward exchange rate at the reporting date; and

— the fair value of interest rate swap contracts is calculated at the present value of the estimated future cash flows based on observed yield curves.

The following table provides an analysis of financial instruments that are measured subsequently to initial recognition at fair value by level of hierarchy:

Level 1:	Quoted prices (unadjusted) in active market for identical assets or liabilities;
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3:	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	At 31 December 2013		
	Level 1	**Level 2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale financial assets			
— Club debentures	—	1,842	1,842
Financial assets at fair value through profit or loss			
— Listed equity securities	19,689	—	19,689
— Listed debt securities	56,928	—	56,928
— Debt securities traded on OTC	22,592	—	22,592
— Derivative financial assets	—	4,957	4,957
	99,209	4,957	104,166

	At 31 December 2014		
	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale financial assets			
— Club debentures	—	1,867	1,867
Financial assets at fair value through profit or loss			
— Listed equity securities	362	—	362
— Listed debt securities	162,682	—	162,682
— Derivative financial assets	—	38	38
	163,044	38	163,082

	At 31 December 2015		
	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
Available-for-sale financial assets			
— Club debentures	—	1,896	1,896
Financial assets at fair value through profit or loss			
— Listed debt securities	198,772	—	198,772

There was no transfer between Level 1, Level 2 and Level 3 during the Relevant Periods.

38. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives

The management monitors and manages the financial risks arising from financial instruments entered into in the normal course of operations and in its investment activities through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's and exposure to market risks or the manner in which it manages and measures.

(b) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases as well as investments denominated in foreign currencies, which expose the Group to foreign currency risk.

i. Non-derivative foreign currency monetary assets and monetary liabilities

Certain bills receivables, investment in equity and debt securities, bank balances, other payables and borrowings of the Group are denominated in currencies other than the functional currency of the group entities. The currencies give rise to this risk mainly include HK$, USD, RMB and Taiwan Dollars ("TWD"). As HK$ is pegged to USD, exposure in respect of these currencies is considered insignificant. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities in net position (excluding HK$ and USD) at the reporting date are as follows:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Net monetary assets			
RMB	4,533	6,520	15
TWD	38	—	—

Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities and the Company against the relevant foreign currencies excluding HK$ against USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Decrease in profit for the year Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Functional currency appreciated by 5%			
RMB	189	272	1

A 5% depreciation in the functional currencies of the respective group companies against respective foreign currencies would have the same magnitude on profit but of opposite effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the Relevant Periods.

ii. Foreign currency forward contracts

During the year ended 31 December 2013, the Group had several foreign currency forward contracts with banks (note 22). These derivatives are not accounted for under hedge accounting. The Group is required to estimate the fair value of the foreign currency forward contracts at the end of the reporting period, which therefore exposed the Group to foreign currency risk.

Foreign currency sensitivity

The sensitivity analyses below have been determined based on the exposure to the Group's forward buying rate risk at the reporting date.

If the exchange rate of RMB against USD had been 5% higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would (decrease)/increase as follows:

		Year ended 31 December 2013
		HK$'000
Derivative financial instruments:		
Foreign currency forward contracts	USD appreciated by 5%	(7,630)
Derivative financial instruments:		
Foreign currency forward contracts	USD depreciated by 5%	8,434

The Group did not have outstanding foreign currency forward contracts as at 31 December 2014 and 2015.

iii. Embedded derivatives in structured bank deposits

The Group is also required to estimate the fair value of the embedded derivatives in structured bank deposits at the end of the reporting period, which therefore exposed the Group to foreign currency risk. However, the directors of the Company consider that the fair value of the embedded derivatives is minimal and hence no sensitivity analysis is presented.

(c) Interest rate risk

Non-derivative financial assets and financial liabilities

The Group is exposed to fair value interest rate risk in relation to interest-free balances, including fixed-rate restricted bank deposit, structured bank deposits and borrowings.

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings (note 25) and bank balances.

The management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of deposit interest rate.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative variable-rate instruments including borrowings at the end of the reporting period, assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the Relevant Periods.

	(Decrease)/Increase in profit for the year Year ended 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
If interest rates had been 50 basis points higher	(661)	(635)	(477)
If interest rates had been 10 basis points lower	132	127	95

This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

(d) Other price risk

The Group is required to estimate the fair value of those available-for-sale financial assets carried at fair value, representing club debentures as well as the financial assets at fair value through profit or loss, representing listed or traded on OTC equity and debt securities at the end of the reporting period. Therefore, the Group is exposed to price risk arising from its available-for-sale financial assets and financial assets at fair value through profit or loss.

Price sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

As at 31 December 2013, 2014 and 2015, if the prices of the club debentures and listed or traded on OTC equity and debt securities had been 10% higher while all other variables were held constant, investment revaluation reserve would increase by HK$170,000, HK$175,000 and HK$178,000 and profit for the year would increase by HK$9,935,000, HK$16,316,000 and HK$19,889,000, mainly as a result of increase in the fair value on available-for-sale financial assets as well as financial assets at fair value through profit or loss and impairment loss, taking into account reversal of impairment made for available-for-sale financial assets.

As at 31 December 2013, 2014 and 2015, if the prices of the above instruments had been 10% lower while all other variables were held constant, the magnitude of the impact on investment revaluation reserve and profit for the year would be the same but of opposite effect.

(e) Credit risk

The Group's credit risk exposure which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties mainly arise from the respective recognised financial assets as stated in the consolidated statement of financial position.

In respect of trade and bills receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Normally, the Group does not obtain collateral from customers.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a mean of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by credit limit allowed to counterparty that are reviewed and approved by the risk management committee annually.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks and financial institutions with good reputation. Investment in debt or equity securities are mainly listed or traded on recognised stock exchange. Accordingly, the directors do not expect any investment counterparty to fail to meet its obligations.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for approximately 100% of the total trade and bills receivables as at 31 December 2013, 2014 and 2015.

Details of the financial guarantees issued by the Company to its subsidiaries are disclosed in note 25.

(f) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and undrawn borrowing facilities by continuously monitoring forecast and actual cash flows. The Group relies on bank borrowings as a significant source of liquidity. The Group's available unutilised overdraft and short-term bank and other loan facilities as at 31 December 2013, 2014 and 2015 are set out as below:

	At 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Unutilised overdraft and short-term bank and other loan facilities	1,980,896	1,263,965	1,209,614

Details of borrowings are set out in note 25.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks and financial institutions choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The following tables also detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that required gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

As at 31 December 2013	**On demand or less than 60 days**	**61–180 days**	**181–365 days**	**1–2 years**	**2–3 years**	**Over 3 years**	**Total undiscounted cash flows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities								
Trade and bills payables	186,781	—	—	—	—	—	186,781	186,781
Other payables and accrued expenses	82,001	—	—	—	—	—	82,001	82,001
Borrowings	16,744	8,120	12,145	24,162	20,396	101,843	183,410	171,059
Rental deposits received	703	31	809	2,004	2,266	3,563	9,376	9,376
	286,229	8,151	12,954	26,166	22,662	105,406	461,568	449,217
Derivate — gross settlement								
— inflow	—	—	(160,475)	—	—	—	(160,475)	
— outflow	—	—	156,000	—	—	—	156,000	
	—	—	(4,475)	—	—	—	(4,475)	(4,957)

As at 31 December 2014	On demand or less than 60 days	61–180 days	181–365 days	1–2 years	2–3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities								
Trade and bills payables	73,192	—	—	—	—	—	73,192	73,192
Other payables and accrued expenses	34,577	—	—	—	—	—	34,577	34,577
Borrowings	59,782	8,067	12,065	20,403	17,018	84,797	202,132	192,112
Rental deposits received	34	492	711	3,237	2,779	1,857	9,110	9,110
	167,585	8,559	12,776	23,640	19,797	86,654	319,011	308,991
Derivate — gross settlement								
— inflow	(38)	—	—	—	—	—	(38)	
— outflow	—	—	—	—	—	—	—	
	(38)	—	—	—	—	—	(38)	(38)

As at 31 December 2015	On demand or less than 60 days	61–180 days	181–365 days	1–2 years	2–3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities								
Trade and bills payables	42,764	—	—	—	—	—	42,764	42,764
Other payables and accrued expenses	31,141	—	—	—	—	—	31,141	31,141
Borrowings	3,613	7,211	9,584	17,019	16,885	67,836	122,148	114,293
Rental deposits received	155	1,915	1,155	3,380	—	1,769	8,374	8,374
	77,673	9,126	10,739	20,399	16,885	69,605	204,427	196,572

As at 31 December 2013, the Group has a borrowing with outstanding amount of HK$12,677,000 and maturity period of 15 days which contains repayment on demand clause. This loan has short maturity period of 15 days, accordingly, the contractual maturity of this loan is "On demand or less than 60 days". Other than this loan, none of the Group's and the Company's borrowings as at 31 December 2013 are repayable on demand.

As at 31 December 2014 and 2015, none of the Group's borrowings is repayable on demand.

The amounts included above for variable-interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable-interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The table that follows summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using respective contractual rates and schedule of repayments. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. No comparative is presented as at 31 December 2014 or 2015 because none of Group's borrowings as at 31 December 2014 and 2015 is repayable on demand.

	Less than 60 days	61–180 days	181–365 days	1–2 years	2–3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2013	12,677	—	—	—	—	—	12,677	12,677

39. SUBSEQUENT EVENTS

Save as the significant events disclosed elsewhere to the Financial Information, the following significant events took place subsequent to 31 December 2015:

(i) On 21 January 2016, Fulcrest, which holds 138,347,288 shares of the Company, representing approximately 52.87% of the issued share capital of the Company (referred to as "Sale Shares"), and Hopevision Group Ltd. (the "Offeror") entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which Fulcrest conditionally agreed to sell and Hopevision Group Ltd. conditionally agreed to acquire the Sale Shares for a consideration of approximately HK$552,998,120. This transaction is subject to approval by independent shareholders at an extraordinary general meeting.

(ii) On 21 January 2016, a wholly-owned subsidiary the Company as lessor and a wholly-owned subsidiary of the Disposal Group as lessee entered into a lease agreement in respect of the lease of a property in Shanghai for a period of six months commencing from the Disposal completion date for a monthly rent of RMB27,400, which constitutes an exempted continuing connected transaction under the Listing Rules and a special deal under the Takeovers Code and shall subject to approval by independent shareholders at an extraordinary general meeting.

(iii) Immediately upon completion of the acquisition of Sale Shares by the Offeror from Fulcrest (the "Sale and Purchase Completion"), assuming no other changes to the issued share capital of the Company, the Offeror and parties acting in concert with it will be interested in a total of 138,347,288 Shares, representing approximately 52.87% of the issued share capital of the Company. As such, the Offeror will be required to make an unconditional mandatory cash general offer for all the issued shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (the "Offer Shares") pursuant to Rule 26.1 of the Takeovers Code. Based on information available, the Offer Shares represents approximately 47.13% of the issued share capital of the Company.

Subject to and upon the Sale and Purchase Completion, CCB International Capital Limited, on behalf of the Offeror and in compliance with the Takeovers Code, will make the share offer to acquire all the Offer Shares at HK$3.998 for every Offer Share held (the "Share Offer Price") and on the terms to be set out in the offer document to be issued in accordance with the Takeovers Code. The Share Offer Price is not less than the consideration per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and Fulcrest.

On the basis that the Offeror and parties acting in concert with it will own approximately 138,347,288 Shares immediately after the Sale and Purchase Completion, the total consideration of the Offer Shares would be HK$493,103,813 based on the Share Offer Price and 123,337,622 shares under the share offer, which will be the maximum amount payable by the Offeror under the share offer in the event that the share offer is accepted in full.

It is intended that following the closing of the share offer, the Company will maintain its listing on the Main Board of the Stock Exchange.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2015 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company in respect of any period subsequent to 31 December 2015.

BDO LIMITED
Certified Public Accountants
Lui Chi Kin
Practising Certificate Number P06162
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Bases

The unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") presented below is prepared to illustrate (i) the financial position of the Remaining Group as if the Disposal had been completed on 31 December 2015; and (ii) the results and cash flows of the Remaining Group for the year ended 31 December 2015 as if the Disposal had been completed on 1 January 2015. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Remaining Group as at 31 December 2015 or at any future date had the Disposal been completed on 31 December 2015 or the results and cash flows of the Remaining Group for the year ended 31 December 2015 or for any future period had the Disposal been completed on 1 January 2015.

The Unaudited Pro Forma Financial Information is prepared by the directors based on the audited consolidated statement of financial position of the Group as at 31 December 2015, the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2015 extracted from Accountant's Report set out in Appendix II, and the audited financial information of the Disposal Group set out on pages II-33 to II-39, after giving effect to the pro forma adjustments described in the notes as set out on pages III-8 to III-10 to this circular and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

1. Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 31 December 2015	Pro forma adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non current assets							
Investment properties	982,658	(503,100)	—	—	—	—	479,558
Property, plant and equipment	48,278	(45,896)	—	—	—	—	2,382
Prepaid lease payment for land	259	—	—	—	—	—	259
Trade and other receivables, prepayments and deposits	31,793	(31,793)	—	—	—	—	—
Available-for-sale financial assets	39,726	(39,726)	—	—	—	—	—
Deferred tax assets	452	(452)	—	—	—	—	—
	1,103,166	(620,967)	—	—	—	—	482,199
Current assets							
Properties held for sale	18,094	—	—	—	—	—	18,094
Inventories	70,314	(70,314)	—	—	—	—	—
Prepaid lease payments for land	4	—	—	—	—	—	4
Trade and other receivables, prepayments and deposits	163,380	(157,911)	—	—	—	—	5,469
Amount due from the Disposal Group	—	565,646	(360,646)	—	(205,000)	—	—
Financial assets at fair value through profit or loss	198,772	(198,772)	—	—	—	—	—
Tax recoverable	407	(407)	—	—	—	—	—
Restricted bank deposit	16,041	(16,041)	—	—	—	—	—
Bank balance and cash	240,027	(230,003)	360,646	682,247	(922,339)	(35,155)	95,423
	707,039	(107,802)	—	682,247	(1,127,339)	(35,155)	118,990
Current liabilities							
Trade and bills payables	42,764	(42,764)	—	—	—	—	—
Other payables and accrued expenses	39,613	(12,565)	—	—	—	—	27,048
Rental deposits received	3,226	(3,101)	—	—	—	—	125
Borrowings	18,652	(8,891)	—	—	—	(9,761)	—
Tax payable	2,559	(2,550)	—	—	—	—	9
	106,814	(69,871)	—	—	—	(9,761)	27,182
Net current assets	600,225	(37,931)	—	682,247	(1,127,339)	(25,394)	91,808
Total assets less current liabilities	1,703,391	(658,898)	—	682,247	(1,127,339)	(25,394)	574,007

	The Group as at 31 December 2015	Pro forma adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current liabilities							
Rental deposits received	5,148	(1,576)	—	—	—	—	3,572
Borrowings	95,641	(70,247)	—	—	—	(25,394)	—
Deferred tax liabilities	67,037	(2,821)	—	—	—	—	64,216
	167,826	(74,644)	—	—	—	(25,394)	67,788
Net assets	1,535,565	(584,254)	—	682,247	(1,127,339)	—	506,219
Capital and reserves							
Share capital	71,853	—	—	—	—	—	71,853
Reserves	1,463,712	(584,254)	—	682,247	(1,127,339)	—	434,366
Total equity	1,535,565	(584,254)	—	682,247	(1,127,339)	—	506,219

2. Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

	The Group for the year ended 31 December 2015	Pro forma adjustments			Unaudited pro forma consolidated income statement of the Remaining Group for the year ended 31 December 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 8*	*Note 9*	*Note 10*	
Revenue	1,191,819	(1,171,540)	—	—	20,279
Cost of sales	(1,120,753)	1,117,379	—	—	(3,374)
Gross profit	71,066	(54,161)	—	—	16,905
Other income	34,187	(33,924)	15,214	—	15,477
Distribution costs	(20,619)	20,619	—	—	—
Administrative expenses	(65,122)	61,799	(15,214)	—	(18,537)
Change in fair value of investment properties	(15,996)	44,270	—	—	28,274
Gain on disposal of the Disposal Group	—	—	—	63,688	63,688
Change in fair value of financial assets at fair value through profit or loss	7,105	(7,105)	—	—	—
Other operating income, net	3,409	1	—	—	3,410
Finance cost	(2,175)	1,670	—	—	(505)
Profit before income tax	11,855	33,169	—	63,688	108,712
Income tax expenses	(10,201)	2,284	—	—	(7,917)
Profit for the year attributable to owners of the Company	1,654	35,453	—	63,688	100,795

3. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

	The Group for the year ended 31 December 2015	Pro forma adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 8*	*Note 10*	
Profit for the year	1,654	35,453	63,688	100,795
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
— Exchange difference arising from translation of foreign operations	(29,205)	5,266	—	(23,939)
— Change in fair value of available-for-sale financial assets	30	(30)	—	—
— Release of properties revaluation reserve attributable to the Disposal Group	—	—	(495)	(495)
— Release of investment revaluation reserve attributable to the Disposal Group	—	—	(1,040)	(1,040)
— Release of exchange reserve attributable to the Disposal Group	—	—	(14,601)	(14,601)
Other comprehensive income for the year	(29,175)	5,236	(16,136)	(40,075)
Total comprehensive income for the year attributable to owners of the Company	(27,521)	40,689	47,552	60,720

4. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group for the year ended 31 December 2015	**Pro forma adjustments**					**Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 8*	
OPERATING ACTIVITIES							
Profit before income tax	11,855	—	—	—	—	33,169	45,024
Adjustments for:							
Amortisation of prepaid lease payments for land	4	—	—	—	—	—	4
Depreciation of property, plant and equipment	2,307	—	—	—	—	(2,080)	227
Allowance for inventories	4,221	—	—	—	—	(4,221)	—
Allowance for doubtful debts	13,197	—	—	—	—	(13,197)	—
Bad debt written off	705	—	—	—	—	(705)	—
Impairment loss on available-for-sale financial assets	1	—	—	—	—	(1)	—
Reversal of provision for taxes and charges	(3,410)	—	—	—	—	—	(3,410)
Change in fair value of investment properties	15,996	—	—	—	—	(44,270)	(28,274)
Change in fair value of financial assets at fair value through profit or loss	(7,105)	—	—	—	—	7,105	—
Gain on disposal of property, plant and equipment	(175)	—	—	—	—	175	—
Loss on written-off of property, plant and equipment	303	—	—	—	—	(51)	252
Interest income	(28,974)	—	—	—	—	25,687	(3,287)
Finance cost	2,175	—	—	—	—	(1,670)	505
Operating cash flows before movements in working capital	11,100	—	—	—	—	(59)	11,041
Increase in inventories	(11,182)	—	—	—	—	11,182	—
Increase in trade and other receivables, prepayments and deposits	(55,181)	—	—	—	—	57,742	2,561
Decrease in derivative financial instruments	38	—	—	—	—	(38)	—
Decrease in trade and bills payables	(30,428)	—	—	—	—	30,428	—
Increase in other payables and accrued expenses	151	—	—	—	—	1,168	1,319
Decrease in rental deposits received	(736)	—	—	—	—	248	(488)
Net increase in financial assets at fair value through profit or loss	(28,623)	—	—	—	—	28,623	—
Cash (used in)/generated from operations	(114,861)	—	—	—	—	129,294	14,433
Hong Kong profits tax paid, net	(315)	—	—	—	—	315	—
Overseas tax paid	(3,849)	—	—	—	—	2,098	(1,751)
Net cash (used in)/generated from operating activities	(119,025)	—	—	—	—	131,707	12,682

	The Group for the year ended 31 December 2015	Pro forma adjustments					Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 8*	
INVESTING ACTIVITIES							
Placement of structured bank deposits	(331,911)	—	—	—	—	331,911	—
Withdrawal of structured bank deposits	565,478	—	—	—	—	(565,478)	—
Interest received	26,462	—	—	—	—	(23,175)	3,287
Proceeds from the disposal of the Disposal Group	—	—	682,247	—	—	—	682,247
Proceeds from disposal of property, plant and equipment	621	—	—	—	—	(222)	399
Purchase of property, plant and equipment	(3,470)	—	—	—	—	3,099	(371)
Purchase of available-for-sale financial assets	(27,300)	—	—	—	—	27,300	—
Net cash generated from/(used in) investing activities	229,880	—	682,247	—	—	(226,565)	685,562
FINANCING ACTIVITIES							
New borrowings raised	42,316	—	—	—	—	(42,316)	—
Repayment of borrowings	(120,135)	—	—	—	(35,155)	109,228	(46,062)
Interest paid	(2,470)	—	—	—	—	1,963	(507)
Dividends paid	(31,402)	—	—	(922,339)	—	—	(953,741)
Repayment from the Disposal Group	—	360,646	—	—	—	—	360,646
Change in amount due from the Remaining Group	—	—	—	—	—	(185,582)	(185,582)
Change in amount due to the Remaining Group	—	—	—	—	—	210,682	210,682
Net cash used in financing activities	(111,691)	360,646	—	(922,339)	(35,155)	93,975	(614,564)
Net (decrease)/increase in cash and cash equivalents	(836)	360,646	682,247	(922,339)	(35,155)	(883)	83,680
Cash and cash equivalents at the beginning of year	244,579	—	—	—	—	(232,406)	12,173
Effect of foreign exchange rate changes	(3,716)	—	—	—	—	3,286	(430)
Cash and cash equivalents at the end of year	240,027	360,646	682,247	(922,339)	(35,155)	(230,003)	95,423
Analysis of cash and cash equivalents							
Bank balances and cash	240,027	360,646	682,247	(922,339)	(35,155)	(230,003)	95,423

Notes

1 The respective amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2015, and the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year then ended, as set out in Appendix II to this circular.

2 These adjustments represent the exclusion of the assets and liabilities of the Disposal Group assuming the Disposal had taken place on 31 December 2015. The balances have been extracted from the audited financial information of the Disposal Group as at 31 December 2015, as set on page II-35 to this circular.

Amount due from the Disposal Group represents the amount due by the Disposal Group to the Remaining Group, which is eliminated upon the preparation of the Group's consolidated statement of financial position as at 31 December 2015.

3 The adjustment to the unaudited pro forma consolidated statement of financial position and the unaudited pro forma statement of cash flows represents the partial settlement of amount due by the Disposal Group to the Remaining Group in cash of approximately HK$360,646,000, the remaining balance of approximately HK$205,000,000 is accounted as Disposal Loan, and, as per the disposal agreement and the supplemental agreement (together the "Disposal Agreements") entered into between Fulcrest Limited and the Group, is going to set off against the special dividends (i.e. the Setting-off Arrangement) (note 5).

4 The adjustment to the unaudited pro forma consolidated statement of financial position and the unaudited pro forma statement of cash flows represents the consideration for the Disposal Group. In accordance with the Disposal Agreements entered into between Fulcrest Limited and the Group, the Group agreed to dispose of its entire issued share capital of Datong Global Holdings Limited and Xingao Limited; and the Disposal Loan owed by the Disposal Group to the Remaining Group at an aggregate cash considerations of approximately HK$887,247,000 (which subject to adjustments to be made to the consideration under Disposal Agreement). The carrying amount of the Disposal Loan owed by the Disposal Group to the Remaining Group is approximately HK$205,000,000 and the consideration attributable to the Disposal Group is approximately HK$682,247,000. For the preparation of the Unaudited Pro Forma Financial Information, the consideration has not been adjusted yet (note 10).

5 In the unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statement of cash flows, the adjustment represents, the First Special Dividend and the Second Special Dividend to be distributed to the Company's shareholders, which are approximately HK$320,041,000 and approximately HK$807,298,000 respectively, and the Setting-off Arrangement (note 4). The passing of the requisite resolution(s) by the Independent Shareholders at a general meeting approving the First Special Dividend and the Second Special Dividend is one of the conditions precedent to the Sale and Purchase Agreement and the Disposal Agreement. Accordingly, the adjustment for special dividends to be distributed is approximately HK$1,127,339,000. According to the Disposal Agreements, Disposal Loan of approximately HK$205,000,000 is going to set-off against these special dividends and the net cash paid out for the special dividends is approximately HK$922,339,000.

6 The adjustment to the unaudited pro forma consolidated statement of financial position and the unaudited pro forma statement of cash flows represents the settlement of all bank borrowings of the Remaining Group by cash upon the completion of the Disposal, as these bank borrowings are guaranteed by the Disposal Group.

7 Apart from notes 2, 3, 4, 5 and 6 above, no other adjustment has been made to the unaudited pro forma consolidated statement of financial position to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015, including the fair value changes of the investment properties, if any.

8 These adjustments represent the exclusion of the operating results and cash flows of the Disposal Group for the year ended 31 December 2015 as if the Disposal had been completed on 1 January 2015. The amounts have been extracted from the audited financial information of Disposal Group for the year ended 31 December 2015 as set on page II-34 to this circular.

9 The adjustment presents the management fee income of the Remaining Group received from the Disposal Group was classified as other income, and management fee expense of the Disposal Group classified within its administrative expenses.

10 The adjustment represents the estimated gain on disposal of HK$63,688,000 assuming the Disposal had taken place on 1 January 2015 for the purpose of preparing the unaudited pro forma financial information of the Remaining Group. The consideration has not been adjusted yet.

Assuming the Disposal taken place on	**1 January 2015** *HK$'000*
Consideration for the Disposal *(note 4)*	682,247
Carrying amount of net assets of the Disposal Group	(628,815)
Estimated professional fees and other expenses directly attributable to the Disposal *(note 11)*	(5,880)
Release of properties revaluation reserve attributable to the Disposal Group	495
Release of investment revaluation reserve attributable to the Disposal Group	1,040
Release of exchange reserve upon attributable to the Disposal Group	14,601
Estimated gain on disposal	63,688

The actual result on the Disposal is to be determined based on the final disposal consideration, the actual carrying amount of net assets of the Disposal Group and the relevant reserves attributable to the Disposal Group as at the actual disposal completion date, the actual transaction costs relating to the Disposal, and may be different from the unaudited estimated gain on Disposal as calculated above. Therefore, the unaudited estimated gain on the Disposal is subject to change upon completion of the Disposal.

11 The adjustment represents estimated expenses of approximately HK$5,880,000 that are directly attributable to the Disposal, as if the Disposal had been completed on 1 January 2015.

12 For the preparation of the Unaudited Pro Forma Financial Information, the Directors estimate that no material tax expenses are directly attributable to the Disposal.

13 Apart from notes 3, 4, 5, 6, 8, 9 and 10 above, no other adjustment has been made to the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2015.

14 The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.

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香港干諾道中111號
永安中心25樓

To the Board of Directors of Great China Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Great China Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") excluding Datong Global Holdings Limited and Xingao Limited and their subsidiaries (the "Disposal Group") (collectively the "Remaining Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Remaining group as at 31 December 2015, the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year then ended (the "Unaudited Pro Forma Financial Information") and related notes as set out on pages III-1 to III-10 of the circular issued by the Company dated 13 May 2016 (the "Circular") in connection with the proposed disposal of the entire equity interests in the Disposal Group by the Company (hereinafter referred to as the "Disposal"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal and the special dividends proposed by the directors on the Group's financial position as at 31 December 2015 as if the Disposal and the special dividends proposed by the directors had taken place on 31 December 2015 and the Group's financial performance and cash flows for the year then ended as if the Disposal and the special dividends proposed by the directors had taken place on 1 January 2015. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors of the Company from the Group's financial information for the year ended 31 December 2015 which has been included in the accountant's report as set out in Appendix II.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") with reference to and Accounting Guideline ("AG") 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules and Rule 10 of the Code of Takeovers and Mergers in Hong Kong, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29(1) of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal and the special dividends proposed by the directors at 31 December 2015 or 1 January 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

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

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

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules; and

(d) so far as the accounting policies and calculations are concerned, we are satisfied that the Unaudited Pro Forma Financial Information of the Remaining Group for the year has been properly compiled on the basis set out under the heading "Bases" on page III-1 of this circular, and is presented on a basis consistent, in all material respects, with the accounting policies adopted by the Group in preparing the consolidated financial statements of the Group for the year ended 31 December 2015.

BDO Limited
Certified Public Accountants

Hong Kong, 13 May 2016

C. LETTER FROM THE FINANCIAL ADVISER ON PROFIT ESTIMATES

The following is the text of a report received from Investec Capital Asia Limited, addressed to the Directors and prepared for the sole purpose of inclusion in this circular.

13 May 2016

The Board of Directors
Great China Holdings Limited (the "**Company**")
Unit D, 26/F
United Centre
No 95 Queensway
Hong Kong

Dear Sirs,

We refer to the circular issued by the Company dated 13 May 2016 (the "**Circular**"), of which this letter forms part. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise stated.

We refer to the unaudited pro forma consolidated income statement of the Remaining Group as at 31 December 2015 as contained in the unaudited pro forma financial information of the Remaining Group (the "**Unaudited Pro Forma Financial Information**") set out in section A of Appendix III to the Circular. We have discussed with the Directors the bases of preparation of the unaudited pro forma profit before income tax, profit for the year attributable to owners of the Company and total comprehensive income for the year attributable to owners of the Company for the year ended 31 December 2015 (the "**Unaudited Pro Forma Profit Estimates**"). We have also considered the report (the "**Pro forma Report**") issued by BDO Limited, the reporting accountant of the Company, relating to the Unaudited Pro Forma Financial Information as set out in section B of Appendix III to the Circular. BDO Limited is satisfied that as far as the accounting policies and calculations are concerned (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated on pages from III-1 to III-14 in the Pro forma Report; (b) such bases are consistent with the accounting policies adopted by the Group; and (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Based on the above, we are satisfied that the disclosure relating to the Unaudited Pro Forma Profit Estimates included in the Unaudited Pro Forma Financial Information, for which the Directors are solely responsible, has been made with due care and careful consideration.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Group. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group. Save as provided in this letter, we do not express any other opinion or views on the Unaudited Pro Forma Financial Information. The Board remains solely responsible for the Unaudited Pro Forma Financial Information.

This letter is provided to the Company solely for the purpose of complying with Note 1(c) to Rules 10.1 and 10.2 and Rule 10.4 of the Takeovers Code and not for any other purpose. We do not accept any responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 March 2016 of the property interests held by the Group.

Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

13 May 2016

The Board of Directors
Great China Holdings Limited
Unit D, 26th Floor
United Centre
No.95 Queensway
Hong Kong

Dear Sirs,

Re: Valuation of Various Properties situated in Hong Kong and the People's Republic of China (the "PRC")

In accordance with the instructions from Great China Holdings Limited (the "**Company**") to value the Properties held by the Company or its subsidiary (hereinafter together referred to as the "**Group**") in Hong Kong and the PRC, we confirm that we have inspected the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 March 2016 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation of the Properties represents its market value, which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors, is defined as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion".

TITLESHIP

We have caused searched to be made at the appropriate Land Registry for the Properties situated in Hong Kong. However, we have not verified ownerships of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

We have been provided with copies of legal documents regarding the Properties situated in the PRC. However, we have not verified ownership of the Properties and the existence of any encumbrances that would affect their ownership.

We have also relied upon the legal opinion dated 5 April 2016 provided by the PRC legal advisers, namely Llinks Law Offices (通力律師事務所) (the "**PRC Legal Opinion**"), to the Company on the relevant laws and regulations in the PRC, on the nature of the owner's land use rights in the Properties. Its material content has been summarized in the valuation certificate attached herewith.

VALUATION METHODOLOGY

For the Properties held by the Group for sale and owner occupation under Group II, IV and V, we have used the Direct Comparison Approach where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at the valuation. For the Properties held by the Group for investment under Group I and III, we have used Investment Approach on the basis of capitalisation of rental income derived from the existing tenancies (if any), with due allowance for reversionary potential of the Properties, or where appropriate, Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market subject to suitable adjustment between the subject properties and the comparable properties.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Properties on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the such Property.

For the Properties held by the owner by means of long term Land Use Rights granted by the PRC Government, the PRC legal advisers have confirmed that the owner has free and uninterrupted rights to use the Properties for the whole of the respective unexpired terms of the land use rights.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

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

We have relied to a very considerable extent on the information given by the Company or the Target Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, tenancy and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Properties but have assumed that the floor areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Properties were inspected on between 4 April 2016 and 8 April 2016 by TSE Wai Leung, who is a member of the Hong Kong Institute of Surveyors and a member of the Royal Institution of Chartered Surveyors and ZHOU Tong, who is a registered PRC Real Estate Appraiser. We have inspected the exterior and, where possible, the interior of the buildings and structures of the Properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We must point out that we have not carried out site investigations to determine the suitability of ground conditions or the services for any property development of the Properties. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

For the Properties located in the Hong Kong, we have been advised by the Group that the potential tax liability is nil if they are to be disposed of. For the Properties located in the PRC, we have been advised by the Group that the potential tax liabilities include Land Appreciation Tax at progressive tax rates from 30% to 60%, Value-Added Tax (VAT) at 11% of sales consideration (subject to applicable input VAT credits, if any) and Income Tax at 25% on profit before tax. The exact amount of tax payable upon realization of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon presentation of the relevant transaction documents. For PRC properties held for investment and owner occupation under Group III and V, the likelihood of the relevant tax liabilities (arising from the disposal of the Properties at consideration equal to the valuation amount) being crystallized is remote as the Group has no detail planning for the disposal of such properties yet. For PRC Properties held for sale under Group IV, as advised by the Group, they will be sold in due course. Therefore, the likelihood of the relevant tax liabilities being crystallized is high.

In valuing the Properties, we have complied with all the requirements contained in Rule 11 of the Codes on Takeovers and Mergers issued by the Securities and Futures Commission, Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors. We have met the requirements of an "independent valuer" as defined in Appendix 1.1 of the HKIS Valuation Standards (2012 Edition) and the requirements of the Listing Rules and, in addition, have no material connection with other parties to the transaction.

We have valued the Properties in Hong Kong Dollars (HK$). The conversion of Renminbi (RMB) into HK$ is based on the factor of HK$1.1967 to RMB1.00 with reference to the prevailing exchange rate on the Valuation Date.

Our summary of valuation and valuation certificates are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Tse Wai Leung
MFin MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Surveyors and a Registered Professional Surveyor in General Practice. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of Property in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

	Property	Market value in existing state as at 31 March 2016	Interest attributable to the Company as at 31 March 2016	Value of property interest attributable to the Company as at 31 March 2016
	Group I — Property interests held by the Group in Hong Kong for Investment			
1.	Shop Nos. G55 to G58 on G/F of Site A, Park Lane Shopper's Boulevard, Nos.111–139, 143–161 & 165–181 Nathan Road, Kowloon.	HK$303,300,000	100%	HK$303,300,000
2.	Flat A2 on G/F, Nos. 479 & 481 Hennessy Road, No.29 Percival Street, Hong Kong.	HK$73,900,000	100%	HK$73,900,000
3.	Portion A3 and A4 of Shop A on G/F, Wing Wah Building, Nos.14–24 Sai Yeung Choi Street South, 40P Shantung Street, Kowloon.	HK$64,700,000	100%	HK$64,700,000
4.	Flat No.04 on 18th Floor, Apartment Tower on the Western Side, Convention Plaza, No.1 Harbour Road, Hong Kong.	HK$27,500,000	100%	HK$27,500,000
5.	Carpark Space No. P20 on 2nd Floor, King Kong Commercial Centre, No.9 Des Voeux Road West, Hong Kong	HK$1,300,000	100%	HK$1,300,000
6.	Unit F on 57th Floor, The Masterpiece, K11, No.18 Hanoi Road, Kowloon.	HK$30,000,000	100%	HK$30,000,000
	Group II — Property interests held by the Group in Hong Kong for Owner Occupation			
7.	Unit D on 26th Floor, United Centre, No.95 Queensway, Hong Kong.	HK$90,100,000	100%	HK$90,100,000

	Property	Market value in existing state as at 31 March 2016	Interest attributable to the Company as at 31 March 2016	Value of property interest attributable to the Company as at 31 March 2016
	Group III — Property interests held by the Group in the PRC for Investment			
8.	Apartment Nos. 404, 504, 604, 704 and 804, Block No. 2, Kingswell Garden, Lane 3887 Hong Mei Road, Changning District, Shanghai, the PRC.	RMB35,400,000 (equivalent to approximately HK$42,400,000)	100%	RMB35,400,000 (equivalent to approximately HK$42,400,000)
9.	Shopping Arcade on 1st Level (ground floor) of Block No.1, Kingswell Garden, Lane 3887 Hong Mei Road, Changning District, Shanghai, the PRC.	RMB86,900,000 (equivalent to approximately HK$104,000,000)	100%	RMB86,900,000 (equivalent to approximately HK$104,000,000)
10.	Commercial floor on Level 2 and 3, Club House on Level 4 and Car Parking Space Nos. 38, 39, 40, 41 and 60 on Basement of Block No. 1, Kingswell Garden, Lane 3887 Hong Mei Road, Changning District, Shanghai, the PRC.	RMB129,800,000 (equivalent to approximately HK$155,300,000)	100%	RMB129,800,000 (equivalent to approximately HK$155,300,000)
11.	Western Portion of Level 1, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC.	RMB37,500,000 (equivalent to approximately HK$44,900,000)	100%	RMB37,500,000 (equivalent to approximately HK$44,900,000)
12.	Western Portion of Level 2, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC.	RMB64,600,000 (equivalent to approximately HK$77,300,000)	100%	RMB64,600,000 (equivalent to approximately HK$77,300,000)

	Property	Market value in existing state as at 31 March 2016	Interest attributable to the Company as at 31 March 2016	Value of property interest attributable to the Company as at 31 March 2016
13.	Western Portion of Level 3, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC.	RMB32,400,000 (equivalent to approximately HK$38,800,000)	100%	RMB32,400,000 (equivalent to approximately HK$38,800,000)
14.	Western Portion of Basement Level 1 to 3, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC.	RMB19,500,000 (equivalent to approximately HK$23,300,000)	100%	RMB19,500,000 (equivalent to approximately HK$23,300,000)
	Group IV — Property interests held by the Group in the PRC for Sale			
15.	Apartment G on 12th Floor, Block 5, Silver Valley Garden, Haikou, Hainan, the PRC.	RMB630,000 (equivalent to approximately HK$800,000)	100%	RMB630,000 (equivalent to approximately HK$800,000)
16.	Units 14C, 17A, 17D, 23D, 23E, 27C, 27D and 27E, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC.	RMB56,200,000 (equivalent to approximately HK$67,200,000)	100%	RMB56,200,000 (equivalent to approximately HK$67,200,000)
	Group V — Property interests held by the Group in the PRC for Owner Occupation			
17.	Units 6D and 6E, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC.	RMB16,100,000 (equivalent to approximately HK$19,300,000)	100%	RMB16,100,000 (equivalent to approximately HK$19,300,000)
		Total:		**HK$1,164,100,000**

VALUATION CERTIFICATE

Group I — Property interests held by the Group in Hong Kong for Investment

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
1.	Shop Nos. G55 to G58 on G/F of Site A, Park Lane Shopper's Boulevard, Nos.111–139, 143–161 & 165–181 Nathan Road, Kowloon. 72/2308th equal and undivided shares of and in Kowloon Inland Lot No.10710	The property comprises four contiguous shop units on ground floor within a 2-storey commercial building completed in about 1985. The saleable area of the property is approximately 3,032 square feet. The property is held under Conditions of Sale No.UB11654 for a term of 75 years and renewable for another 75 years commencing on 23 February 1983.	The property is subject to 4 tenancies for terms expiring on between 30 April 2016 and 2 October 2017 at a current total monthly rent of HK$694,434.	303,300,000

Notes:

1. The registered owner of the property is Halesite Limited, a directly wholly-owned subsidiary of the Group, vide memorial nos. UB3026758 to UB3026761 all dated 17 March 1986.

2. Deed of Mutual Covenant and Management Agreement of the development was registered via memorial no. UB3009761 dated 17 March 1986.

3. Shop No. G55 of the property is subject to a Mortgage and a Rent Assignment vide respective memorial nos. 09061903030943 and 09061903031069 both dated 8 June 2009 in favour of The Hongkong and Shanghai Banking Corporation Limited.

4. Shop No. G56 of the property is subject to a Mortgage to Secure General Banking Facilities and a Rent Assignment vide respective memorial nos. UB9474182 and UB9474183 both dated 7 January 2005 in favour of The Hongkong and Shanghai Banking Corporation Limited.

5. Shop No. G57 of the property is subject to a Mortgage to Secure General Banking Facilities and an Assignment of Rentals vide respective memorial nos. UB8278069 and UB8278070 both dated 22 December 2000 in favour of First Pacific Bank Limited.

6. Shop No. G57 of the property is also subject to a Second Legal Charge/Mortgage vide memorial no.UB8852848 dated 23 December 2002 in favour of The Bank of East Asia, Limited.

7. Shop No. G58 of the property is subject to the following registered encumbrances:

   i. Legal Charge vide memorial no. UB7809971 dated 6 July 1999 in favour of The China and South Sea Bank, Limited;

   ii. Assignment of Rentals vide memorial no. UB8136055 dated 29 June 2000 in favour of The China and South Sea Bank, Limited;

   iii. Second Legal Charge vide memorial no. UB8136056 dated 29 June 2000 in favour of The China and South Sea Bank, Limited;

   iv. Assignment of Rentals vide memorial no. UB8136057 dated 29 June 2000 in favour of The China and South Sea Bank, Limited;

   v. Deed of Security vide memorial no. UB8677575 dated 15 April 2002 in favour of Bank of China (Hong Kong) Limited;

   vi. Third Legal Charge vide memorial no. UB8867023 dated 10 January 2013 in favour of Bank of China (Hong Kong) Limited; and

   vii. Assignment of Rentals vide memorial no. 10110202200152 dated 4 October 2010 in favour of Bank of China (Hong Kong) Limited.

8. The property lies within an area zoned "Open Space" under Tsim Sha Tsui Outline Zoning Plan No.S/K1/28 dated 13 December 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
2.	Flat A2 on G/F, Nos. 479 & 481 Hennessy Road, No.29 Percival Street, Hong Kong. 4/85th equal and undivided shares of and in the Remaining Portion of Inland Lot Nos. 7160 and 7161	The property comprises a shop unit on ground floor within a 16-storey residential building completed in about 1965. The saleable area of the property is approximately 409 square feet. The property is held under Government Lease for a term of 99 years and renewable for another 99 years commencing on 15 April 1929.	The property is subject to a tenancy for a term commencing on 1 November 2013 and expiring on 31 October 2016 at a monthly rent of HK$350,000.	73,900,000

Notes:

1. The registered owner of the property is Halesite Limited, a directly wholly-owned subsidiary of the Group, vide memorial no. UB2930334 dated 21 October 1985.

2. Deed of Mutual Grant of Right of Way and Other Easements with Plan of the subject development was registered via memorial no.UB516091 dated 28 December 1965.

3. Deed of Mutual Covenant with Plan of the subject development was registered via memorial no. UB524680 dated 5 March 1966.

4. The property is subject to the following registered encumbrances:

   i. Mortgage to Secure General Banking Facilities in favour of First Pacific Bank Limited vide memorial no. UB8278069 dated 22 December 2000;

   ii. Assignment of Rentals in favour of First Pacific Bank Limited vide memorial no.UB8278070 dated 22 December 2000;

   iii. Second Legal Charge/Mortgage in favour of The Bank of East Asia, Limited vide memorial no. UB8852848 dated 23 December 2002.

5. The property lies within an area zoned "Commercial" under Wan Chai Outline Zoning Plan No.S/H5/27 dated 3 August 2012.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
3.	Portion A3 and A4 of Shop A on G/F, Wing Wah Building, Nos.14–24 Sai Yeung Choi Street South, 40P Shantung Street, Kowloon. 58/100th of 1/144th equal and undivided shares of and in the Sub-section 1 of Section A and the Remaining Portion of Section A of Kowloon Inland Lot No.2131.	The property comprises two contiguous shop units on ground floor within an 11-storey commercial/ residential building completed in about 1959. The saleable area of the property is approximately 326 square feet. The property is held under Government Lease for a term of 75 years and renewable for another 75 years commencing on 28 February 1921.	The property is subject to a tenancy for a term expiring on 7 August 2017 at a monthly rent of HK$300,000.	64,700,000

Notes:

1. The registered owner of the property is Halesite Limited, a directly wholly-owned subsidiary of the Group, vide memorial no. UB3020857 dated 12 March 1986 (Re: assignment re Shop A).

2. Deed of Mutual Covenant of the subject development was registered vide memorial no.UB553305 dated 1 October 1966.

3. Sub-deed of Mutual Covenant with Plan of the subject development was registered vide memorial no. UB6293882 dated 5 May 1995.

4. The property is subject to various encumbrances summarized as follows:

   i. Legal Charge to Secure General Banking Facilities (Re: for consideration see memorial) in favour of The China State Bank, Limited vide memorial no. UB7658661 dated 17 December 1998;

   ii. Second Legal Charge to Secure General Banking Facilities (Re: the consideration is all moneys) in favour of The China State Bank Limited vide memorial no. UB8317030 dated 22 February 2001;

   iii. Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide memorial no.UB8670507 dated 19 April 2002;

   iv. Deed of Security in favour of Bank of China (Hong Kong) Limited vide memorial no. UB8677575 dated 15 April 2002;

   v. Third Legal Charge (Re: the consideration is all moneys) in favour of Bank of China (Hong Kong) Limited vide memorial no. UB8867023;

vi. Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide memorial no.10110202200161 dated 4 October 2010.

5. The property lies within an area zoned "Residential (Group A)" under Mong Kok Outline Zoning Plan No.S/K3/30 dated 31 May 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
4.	Flat No.04 on 18th Floor, Apartment Tower on the Western Side, Convention Plaza, No.1 Harbour Road, Hong Kong. 1283/4000000th equal and undivided shares of and in Inland Lot No.8593	The property comprises a residential unit on 18th floor within a 35-storey tenement tower atop completed in 1989. The saleable area of the property is approximately 1,410 square feet. The property is held under Conditions of Grant No.UB11784 for a term of 75 years commencing on 19 February 1985.	As confirmed by the Company, the property is vacant.	27,500,000

Notes:

1. The registered owner of the property is Honour Alliance Development Limited, an indirectly wholly-owned subsidiary of the Group, vide memorial no. UB7370872 dated 3 December 1997.

2. Occupation Permit (Permit No. H29/90) of the subject development was registered via memorial no. UB4501042 dated 7 March 1990.

3. Deed of Mutual Covenant with Plans of the subject development was registered via memorial no.UB4568130 dated 13 September 1990.

4. Sub-deed of Mutual Covenant of the subject development was registered via memorial no. UB5179726 dated 27 January 1992 and re-registered via memorial no.6082631.

5. The property is subject to various encumbrances summarized as follows:

    i. Legal Charge to Secure General Banking Facilities in favour of The China and South Sea Bank, Limited vide memorial no. UB8136066 dated 30 June 2000;

    ii. Assignment of Rentals in favour of The China and South Sea Bank, Limited vide memorial no.UB8136067 dated 30 June 2000;

    iii. Second Legal Charge in favour of The China and South Sea Bank, Limited vide memorial no. UB8136068 dated 30 June 2000;

    iv. Assignment of Rentals in favour of The China and South Sea Bank, Limited vide memorial no.UB8136069 dated 30 June 2000;

    v. Deed of Security in favour of Bank of China (Hong Kong) Limited vide memorial no. UB8677574 dated 15 April 2002;

vi. Third Legal Charge in favour of Bank of China (Hong Kong) Limited vide memorial no. UB8867023;

vii. Assignment of Rentals in favour of Bank of China (Hong Kong) Limited vide memorial no.10110202200176 dated 4 October 2010.

6. The property lies within an area zoned "Other Specified Uses (Exhibition Centre with Commercial Development)" under Wan Chai North Outline Zoning Plan No.S/H25/4 dated 28 February 2014.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
5.	Carpark Space No. P20 on 2nd Floor, King Kong Commercial Centre, No.9 Des Voeux Road West, Hong Kong 3/10010th equal and undivided shares of and in Maine Lot Nos.502, 503, 504 and 506, Section A and the Remaining Portion of Marine Lot No.505 and Inland Lot Nos. 3183 and 3184	The property comprises a car parking space on 2nd floor within a 4-storey commercial/car parking podium underneath a 24-storey office tower completed in 1995. The property is held under Government Lease for a term of 999 years commencing on between 28 November 1899 and 28 May 1990.	The property is subject to a tenancy for a term commencing on 1 June 2015 and expiring on 31 May 2017 at a monthly rent of HK$4,000.	1,300,000

Notes:

1. The registered owner of the property is Silver Regent Development Limited, an indirectly wholly-owned subsidiary of the Group, vide memorial no. UB6360478 dated 21 June 1995.

2. Occupation Permit (No.H37/95) of the subject development was registered via memorial no. UB6311690 dated 31 May 1995.

3. Deed of Mutual Covenant and Management Agreement of the subject development was registered via memorial no.UB6344864 dated 21 June 1995.

4. Sub-deed of Mutual Covenant of the subject development was registered via memorial no. UB6346483 dated 21 June 1995.

5. The property lies within an area zoned "Commercial" under Sai Ying Pun and Sheung Wan Outline Zoning Plan No.S/H3/29 dated 27 September 2013.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
6.	Unit F on 57th Floor, The Masterpiece, K11, No.18 Hanoi Road, Kowloon. 111/106220th equal and undivided shares of and in Kowloon Inland Lot No. 11188	The property comprises a residential unit on 57th floor within a 72-storey mixed hotel and residential building completed in 2009. The saleable area of the property is approximately 1,180 square feet. The property is held under Conditions of Exchange No.20040 for a term of 50 years commencing on 23 April 2007.	As confirmed by the Company, the property is vacant.	30,000,000

Notes:

1. The registered owner of the property is Halesite Limited, an indirectly wholly-owned subsidiary of the Group, vide memorial no. 10031902650133 dated 24 February 2010.

2. Occupation Permit No.KN4/2009(OP) of the subject development was registered via memorial no.09022501110011 dated 22 January 2009.

3. Deed of Mutual Covenant Incorporating Management Agreement with Plans of the subject development was registered via memorial no. 09110200850026 dated 12 October 2009.

4. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered via memorial no. 10042803110759 dated 20 April 2010.

5. The property lies within an area zoned "Commercial (10)" under Tsim Sha Tsui Outline Zoning Plan No.S/K1/28 dated 13 December 2013.

VALUATION CERTIFICATE

Group II — Property interests held by the Group in Hong Kong for Owner Occupation

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *HK$*
7.	Unit D on 26th Floor, United Centre, No.95 Queensway, Hong Kong. 228/1000 of 1722/74554th equal and undivided shares of and in Inland Lot No.8469	The property comprises an office unit on 26th floor within a 35-storey office building completed in about 1980. The saleable area of the property is approximately 3,695 square feet. The property is held under Conditions of Sale No.UB11233 for a term of 75 years and renewable for another 75 years commencing on 4 August 1978.	As confirmed by the Company, the property is owner occupied.	90,100,000

Notes:

1. The registered owner of the property is Silver Regent Development Limited vide memorial no. 08031302710294 dated 15 February 2008.

2. Deed of Mutual Covenant with Plans of the subject development was registered via memorial no. UB2081479 dated 28 April 1981.

3. Sub-deed of Mutual Covenant with Plan of the subject development was registered via memorial no.UB5801149 dated 31 August 1993.

4. The property is subject to a Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited registered via memorial no.08031302710303 dated 15 February 2008.

5. The property lies within an area zoned "Commercial" under Central District Outline Zoning Plan No.S/H4/15 dated 11 December 2015.

VALUATION CERTIFICATE

Group III — Property interests held by the Group in the PRC for Investment

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
8.	Apartment Nos. 404, 504, 604, 704 and 804, Block No. 2, Kingswell Garden, Lane 3887 Hong Mei Road, Changning District, Shanghai, the PRC. (上海市長寧區虹梅路3887弄2號君悅花園404、504、604、704及804室)	The property comprises 5 residential units on 4th to 8th floor within a 8-storey residential building completed in about 1997. The gross floor area (GFA) of the property is summarized as follows: **Room** — **GFA (sq.m.)** 404 — 202.59 504 — 202.59 604 — 202.59 704 — 202.59 804 — 202.59 **Total:** — **1,012.95** The land use rights of the property are held for a term commencing on 10 October 1996 and expiring on 4 June 2065 for residential use.	The property is subject to 5 tenancies for terms expiring on between 31 July 2016 and 14 September 2017 at a total monthly rent of RMB68,000 inclusive of management fee and property leasing tax.	35,400,000 (equivalent to approximately HK$42,400,000)

Notes:

1. Pursuant to 5 sets of Building and Land Ownership Certificate (Ref: Hu Fang Di Shi Zi (1996) Nos. 002159 to 002163, 滬房地市字(1996)第002159至002163號) all dated 16 December 1996, the property with a total gross floor area of 1,012.95 square metres is held by Capital Head Investment Limited (加凱投資有限公司), an indirectly wholly-owned subsidiary of the Group, for a land use rights term commencing on 10 October 1996 and expiring on 4 June 2065 for commercial use.

2. Pursuant to a Maximum Mortgage Agreement dated 22 June 2009, the property is subject to a mortgage in favour of CITIC Ka Wah Bank Limited (中信嘉華銀行有限公司) for a term commencing on 26 June 2008 and expiring on 25 June 2018. As advised by the Company, all the outstanding amount has been fully settled as at the Valuation Date.

3. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Building and Land Ownership Certificate : Yes

4. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

5. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Capital Head Investment Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. The property is subject to a mortgage in favour of CITIC Ka Wah Bank Limited.

   iii. Subject to the mortgagee's rights, Capital Head Investment Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
9.	Shopping Arcade on 1st Level (ground floor) of Block No.1, Kingswell Garden, Lane 3887 Hong Mei Road, Changning District, Shanghai, the PRC. (上海市長寧區虹梅路3887弄1號君悦花園一層)	The property comprise the whole 1st floor within a 4-storey commercial building plus a basement completed in about 1997. The property has a gross floor area of approximately 1,550.10 square metre. The land use rights of the property are held for a term commencing on 16 April 1998 and expiring on 4 June 2065 for residential use.	The property is subject to a tenancy for a term of 9 years commencing on 31 May 2010 and expiring on 30 May 2019 at a current monthly rent of RMB363,046.34 exclusive of management fee and other outgoings.	86,900,000 (equivalent to approximately HK$104,000,000)

Notes:

1. Pursuant to a Building and Land Ownership Certificate (Ref: Hu Fang Di Shi Zi (1998) No. 002046, 滬房地市字(1998)第002046號) dated 22 May 1998, the property with a total gross floor area of 1,550.10 square metres is held by Concord Trinity Development Limited (和志發展有限公司), an indirectly wholly-owned subsidiary of the Group, for a land use rights term commencing on 16 April 1998 and expiring on 4 June 2065 for residential use.

2. Pursuant to a Mortgage Contract for Real Estate dated 16 April 2008, the property (together with Property No.10 herein) is subject to a mortgage in favour of Hang Seng Bank Limited for a term commencing on 21 May 2008 and expiring on 20 May 2020 for a loan amount of US$3,830,000. As advised by the Company, the outstanding amount as at the Valuation Date is US$1,281,823.12.

3. Pursuant to a Second Maximum Mortgage Agreement dated 25 May 2009 and a Third Maximum Mortgage Contract for Real Estate dated 15 June 2010, the property (together with Property No.10 herein) is subject to a mortgage in favour of Hang Seng Bank (China) Limited Shanghai Branch (恒生銀行(中國)有限公司上海分行) for a term expiring on either 25 May 2019 or 27 April 2017. As confirmed by the Company, the second maximum mortgage has been paid off as at the Valuation Date.

4. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Building and Land Ownership Certificate : Yes

5. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

6. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Concord Trinity Development Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. The property is subject to mortgages in favour of Hang Seng Bank Limited and Hang Seng Bank (China) Limited Shanghai Branch

   iii. Subject to the mortgagee's rights, Concord Trinity Development Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
10.	Commercial floor on Level 2 and 3, Club House on Level 4 and Car Parking Space Nos. 38, 39, 40, 41 and 60 on Basement of Block No. 1, Kingswell Garden, Lane 3887 Hong Mei Road, Changning District, Shanghai, the PRC. (上海市長寧區虹梅路3887弄1號君悦花園二層、三層、四層會所及地下一層38、39、40、41、60號車位)	The property comprise the whole 2nd to 4th floor and 5 car parking spaces in the basement within a 4-storey commercial building plus a basement completed in about 1997. The gross floor area (GFA) of the property is summarized as follows: **Level** / **GFA (sq.m.)** 2 — 2,253.81 3 — 1,530.51 4 — 1,018.01 Basement — 160.80 **Total: — 4,963.13** The land use rights of the property are held for a term commencing on 16 April 1998 and expiring on 4 June 2065 for residential use.	Level 2 to 4 of the property with a gross floor area of 4,802.33 square metres is subject to a tenancy for a term of 10 years commencing on 10 May 2007 and expiring on 9 May 2017 at a current monthly rent of RMB565,294 exclusive of management fee and other outgoings.	129,800,000 (equivalent to approximately HK$155,300,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Chang Zi (2004) No.032030, 滬房地長字(2004)第032030號) dated 27 October 2004, the Club House on Level 4 and the 5 car parking spaces of the property with a total gross floor area of 1,178.81 square metres is held by Jelson Enterprises Limited (振盛企業有限公司), an indirectly wholly-owned subsidiary of the Group, for cultural centre and other uses.

2. Pursuant to 20 sets of Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Chang Zi (2006) Nos. 0117003, 017018, 017022 to 017024, 017026 to 017030, 017036 to 017041 and 017045 to 017048, 滬房地長字(2006)第017003、017018、017022至017024、017026至017030、017036至017041、017045至017048號) all dated 12 September 2006, Level 2 of the property with a total gross floor area of 2,253.81 square metres is held by Jelson Enterprises Limited (振盛企業有限公司) for a land use rights term commencing on 16 April 1998 and expiring on 4 June 2065 for commercial use.

3. Pursuant to 14 sets of Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Chang Zi (2006) Nos. 017019 to 017021, 017035 and 017049 to 017058, 滬房地長字(2006)第0170019至017021、017035、017049至017058號) all dated 12 September 2006, Level 3 of the property with a total gross floor area of 1,530.51 square metres is held by Jelson Enterprises Limited (振盛企業有限公司) for a land use rights term commencing on 16 April 1998 and expiring on 4 June 2065 for commercial use.

4. Pursuant to a Mortgage Contract for Real Estate dated 16 April 2008, the property (together with Property No.9 herein) is subject to a mortgage in favour of Hang Seng Bank Limited for a term commencing on 21 May 2008 and expiring on 20 May 2020 for a loan amount of US$3,830,000. As advised by the Company, the outstanding amount as at the Valuation Date is US$1,281,823.12.

5. Pursuant to a Second Maximum Mortgage Agreement dated 25 May 2009 and a Third Maximum Mortgage Contract for Real Estate dated 15 June 2010, the property (together with Property No.9 herein) is subject to a mortgage in favour of Hang Seng Bank (China) Limited Shanghai Branch (恒生銀行(中國)有限公司上海分行) for a term expiring on either 25 May 2019 or 27 April 2017. As advised by the Company, all the outstanding amount has been fully settled as at the Valuation Date.

6. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Building and Land Ownership Certificate : Yes

7. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

8. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Jelson Enterprises Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. The property is subject to mortgages in favour of Hang Seng Bank Limited and Hang Seng Bank (China) Limited Shanghai Branch.

   iii. Subject to the mortgagee's rights, Jelson Enterprises Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
11.	Western Portion of Level 1, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC. (上海市靜安區延安西路396號,鎮寧路168號美麗園公寓底層西側)	The property comprises a shop on ground floor within a 28-storey composite building plus 3 basement levels completed in about 1999. The property has a gross floor area of approximately 751.47 square metres. Our valuation has been made on the assumption that the property is held for a land use rights term for 50 years for composite purpose (being the maximum term for land use for composite purpose under the land law of the PRC).	The property is subject to a tenancy for a term commencing on 1 March 2014 and expiring on 28 February 2019 at a current monthly rent of RMB126,878.20 exclusive of management fee and other outgoings.	37,500,000 (equivalent to approximately HK$44,900,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No.006840, 滬房地靜字(2005)第006840號) dated 24 May 2005, the property with a gross floor area of 751.47 square metres is held by Poppins Properties (Shanghai) Company Limited (博平置業(上海)有限公司), an indirectly wholly-owned subsidiary of the Group, for commercial use.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Shanghai Certificate of Real Estate Ownership : Yes

3. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

4. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Poppins Properties (Shanghai) Company Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to the registration records, the property is not subject to mortgage.

   iii. Poppins Properties (Shanghai) Company Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
12.	Western Portion of Level 2, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC. (上海市靜安區延安西路396號,鎮寧路168號美麗園公寓二層西側)	The property comprises the western portion (93.13%) of the 2nd floor within a 28-storey composite building plus 3 basement levels completed in about 1999. The property has a gross floor area of approximately 1,949.19 square metres. Our valuation has been made on the assumption that the property is held for a land use rights term for 50 years for composite purpose (being the maximum term for land use for composite purpose under the land law of the PRC).	The property (together with the remaining portion of 2nd floor of the subject building) is subject to a tenancy for a term commencing on 20 December 2015 and expiring on 19 September 2024 at a current monthly rent of RMB254,937.81 (for the property only) exclusive of management fee and other outgoings.	64,600,000 (equivalent to approximately HK$77,300,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No. 006840, 滬房地靜字(2005)第006840號) dated 24 May 2005, the property with a gross floor area of 1,949.19 square metres is held by Poppins Properties (Shanghai) Company Limited (博平置業(上海)有限公司), an indirectly wholly-owned subsidiary of the Group, for commercial use.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Shanghai Certificate of Real Estate Ownership : Yes

3. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

4. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Poppins Properties (Shanghai) Company Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to the registration records, the property is not subject to mortgage.

   iii. Poppins Properties (Shanghai) Company Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
13.	Western Portion of Level 3, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC. (上海市靜安區延安西路396號，鎮寧路168號美麗園公寓三層西側)	The property comprises the western portion (48.95%) of the 3rd floor within a 28-storey composite building plus 3 basement levels completed in about 1999. The property has a gross floor area of approximately 1,065.92 square metres. Our valuation has been made on the assumption that the property is held for a land use rights term for 50 years for composite purpose (being the maximum term for land use for composite purpose under the land law of the PRC).	The property (together with the remaining portion of 3rd floor and the 4th floor of the subject building) is subject to a tenancy for a term of 10 years commencing on 16 July 2013 and expiring on 15 July 2023 at a current monthly rent of RMB143,595 (for the property only) exclusive of management fee and other outgoings.	32,400,000 (equivalent to approximately HK$38,800,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No.006840, 滬房地靜字(2005)第006840號) dated 24 May 2005, the property with a gross floor area of 1,065.92 square metres is held by Poppins Properties (Shanghai) Company Limited (博平置業(上海)有限公司), an indirectly wholly-owned subsidiary of the Group, for commercial use.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Shanghai Certificate of Real Estate Ownership : Yes

3. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

4. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Poppins Properties (Shanghai) Company Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to the registration records, the property is not subject to mortgage.

   iii. Poppins Properties (Shanghai) Company Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
14.	Western Portion of Basement Level 1 to 3, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC. (上海市靜安區延安西路396號，鎮寧路168號美麗園公寓三層西側)	The property comprises 65 car parking spaces within a 3-storey basement underneath a 28-storey composite building completed in about 1999. The property has a gross floor area of approximately 3,268.20 square metres. Our valuation has been made on the assumption that the property is held for a land use rights term for 50 years for composite purpose (being the maximum term for land use for composite purpose under the land law of the PRC).	As advised by the Company, the property is tenanted.	19,500,000 (equivalent to approximately HK$23,300,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No.006840, 滬房地靜字(2005)第006840號) dated 24 May 2005, the property with a gross floor area of 3,268.20 square metres is held by Poppins Properties (Shanghai) Company Limited (博平置業(上海)有限公司), an indirectly wholly-owned subsidiary of the Group, for specified use.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Shanghai Certificate of Real Estate Ownership : Yes

3. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

4. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Poppins Properties (Shanghai) Company Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to the registration records, the property is not subject to mortgage.

   iii. Poppins Properties (Shanghai) Company Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

Group IV — Property interests held by the Group in the PRC for Sale

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
15.	Apartment G on 12th Floor, Block 5, Silver Valley Garden, Haikou, Hainan, the PRC. (海南省海口市和平大道16號銀谷苑第五座12G房)	The property comprise a residential unit on 12th level within a 19-storey residential building completed in about 2000. The property has a gross floor area of approximately 108 square metre. Our valuation has been made on the assumption that the property is held for a land use rights term for 70 years for residential purpose (being the maximum term for land use for residential purpose under the land law of the PRC).	As advised by the Company, the property is vacant.	630,000 (equivalent to approximately HK$800,000)

Notes:

1. Pursuant to a Building Ownership Certificate (Ref: Hai Kou Shi Fang Quan Zheng Hai Fang Zi No.34815, 海口市房權證海房字第34815號) dated 29 January 2000, the property with a gross floor area of 108 square metres is held by Glory South Investment Limited (國南投資有限公司) for residential use.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Building Ownership Certificate : Yes

3. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

4. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Glory South Investment Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to an Investigation Report, the property is not subject to mortgage or other encumbrances.

   iii. Glory South Investment Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
16.	Units 14C, 17A, 17D, 23D, 23E, 27C, 27D and 27E, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC. (上海市靜安區延安西路396號,鎮寧路168號美麗園公寓14C、17A、17D、23D、23E、27C、27D 及27E室)	The property comprises 8 residential units on the 14th, 17th, 23rd and 27th floor within a 28-storey composite building plus 3 basement levels completed in about 1999. The breakdown of the gross floor area (GFA) of the property is summarized as follows: **Floor / Unit / GFA (sq.m.)** 14 C 90.79 17 A 196.81 17 D 161.89 23 D 161.89 23 E 190.46 27 C 90.79 27 D 161.89 27 E 190.46 **Total: 1,244,98** Our valuation has been made on the assumption that the property is held for a land use rights term for 50 years for composite purpose (being the maximum term for land use for composite purpose under the land law of the PRC).	Unit 17A, 17D and 27D of the property with a total gross floor area of 520.59 square metres is subject to 3 tenancies for terms expiring on between 9 August 2017 and 14 October 2017 at a total monthly rent of RMB41,500 inclusive of management fee and property leasing tax. As confirmed by the Company, the remaining units of the property is vacant.	56,200,000 (equivalent to approximately HK$67,200,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No. 002403, 滬房地靜字(2005)第002403號) dated 19 February 2005, portion of the property (together with Property No.17 herein) with a total gross floor area of 801.84 square metres is held by Poppins Properties (Shanghai) Company Limited (博平置業(上海)有限公司) for residential use.

2. Pursuant to another Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No. 006840, 滬房地靜字(2005)第006840號) dated 24 May 2005, the remaining portion of the property with a total gross floor area of 443.14 square metres is held by Poppins Properties (Shanghai) Company Limited for residential use.

3. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Shanghai Certificate of Real Estate Ownership : Yes

4. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

5. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Poppins Properties (Shanghai) Company Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to the registration records, the property is not subject to mortgage.

   iii. Poppins Properties (Shanghai) Company Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

VALUATION CERTIFICATE

Group V — Property interests held by the Group in the PRC for Owner Occupation

	Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 March 2016 *RMB*
17.	Units 6D and 6E, Merry Tower, No.396 Yanan Road West and No.168 Zhenning Road Jingan District, Shanghai, the PRC. (上海市靜安區延安西路396號,鎮寧路168號美麗園公寓6D、6E室)	The property comprises 2 residential units on the 6th floor within a 28-storey composite building plus 3 basement levels completed in about 1999. The breakdown of the gross floor area (GFA) of the property is summarized as follows: **Floor / Unit / GFA (sq.m.)** 6 / D / 161.89 6 / E / 190.46 **Total: 352.35** Our valuation has been made on the assumption that the property is held for a land use rights term for 50 years for composite purpose (being the maximum term for land use for composite purpose under the land law of the PRC).	As confirmed by the Company, the property is owner occupied.	16,100,000 (equivalent to approximately HK$19,300,000)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Ref: Hu Fang Di Jing Zi (2005) No. 002403, 滬房地靜字(2005)第002403號) dated 19 February 2005, the property (together with Property No.16 herein) with a total gross floor area of 352.35 square metres is held by Poppins Properties (Shanghai) Company Limited (博平置業(上海)有限公司) for residential use.

2. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

   Shanghai Certificate of Real Estate Ownership : Yes

3. No environmental impact assessment has been carried out for the property. As confirmed by the company, it does not have any plan to carry out any improvement or redevelopment work, dispose of or change the use of the property in the foreseeable future.

4. The opinion from the PRC legal adviser of the Company on the property is as follows:

   i. Poppins Properties (Shanghai) Company Limited has legally obtained the Building and Land Ownership Certificates of the property.

   ii. According to the registration records, the property is not subject to mortgage.

   iii. Poppins Properties (Shanghai) Company Limited has the rights to use, occupy, transfer, lease, pledge or otherwise dispose of the property in accordance with relevant laws.

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 March 2016 of CBR.

Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

13 May 2016

The Board of Directors
Great China Holdings Limited
Unit D, 26th Floor
United Centre
No.95 Queensway
Hong Kong

Dear Sirs,

Re: Valuation of 9.74% equity interest of CBR Hospitality Pte Ltd. (referred to as "CBR")

1. INSTRUCTIONS

In accordance with the instructions from **Great China Holdings Limited** (referred to as the "**Company**") to value 9.74% equity interest (referred to the "**Shares**") of CBR held by the Company, we confirm that we have inspected the investments held directly or indirectly by CBR, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the fair value of the Shares as at 31 March 2016 (referred to as the "**Valuation Date**").

2. PURPOSES OF VALUATION

The objective of Asset Appraisal Limited (referred to as "**AAL**") is to provide the Company with an independent valuation report on the Shares suitable for inclusion in documents that the Company plans to submit to Hong Kong Exchanges and Clearing Limited ("**HKEX**") and/or the Securities and Futures Commissions of Hong Kong ("**SFC**") in relation to the proposed transaction. We must point out that this valuation report does not constitute a technical report and does not express opinions on legal title, technical issues and environmental considerations of CBR, its subsidiaries or its investments.

The work program for this valuation involved the following tasks:

- review of information provided by the Company, site visits of the investments of CBR in Bali, Indonesia, discussions with management of the Company and collection and review of documents provided to AAL; and
- analysis of the provided data and information and preparation of this valuation report.

3. SCOPE AND LIMITATIONS

The opinions expressed in this report have been based on the information supplied to AAL by the Company and the legal opinion (the "**Legal Opinion**") issued by Roosdiono & Partners (the "**Indonesian Legal Counsel**") over certain corporate loans agreements (the "**Loan Agreements**") entered into by CBR as lender and several business entities in Indonesia as borrowers as well as the arrangements of the corporate loans underlying the Loan Agreements. AAL has been advised that the Company has represented to AAL that full disclosure has been made of all material information and that to the best of its knowledge and understanding, such information is complete, accurate and true. In performing its services, AAL has relied upon and assumed the accuracy and completeness of all material information that has been provided to it by the Company and its service providers.

This valuation is valid as at the Valuation Date and refers to AAL's opinion of the fair value of the Shares at that date. This valuation can be expected to change over time having regard to political, economic, market and legal factors.

The valuation can also vary due to the subsequent variations of laws, regulations, implementing regulations, self-executing provisions, enforceability of the Loan Agreements which may undermine the lender's interests of CBR. The valuation could also be affected by the consideration of any undertakings, supplemental agreements, up-to-date information of, representations and relationship between the parties to the Loan Agreements not in the public domain, affecting the lender's interests of CBR which have not been made available to AAL.

The opinions expressed represent AAL's fair professional opinion at the time of this report. These opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of the Shares.

The valuation presented in this document is restricted to a statement of the fair value of the Shares. The determined values are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arm's length transaction, wherein each party had acted knowledgeably, prudently and without compulsion.

The readers should form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

As confirmed by the Company, no material changes have occurred between the Valuation Date and the issue date of this report.

4. STATEMENT OF INDEPENDENCE AND COMPETENCE

This report is prepared by TSE Wai Leung who has been employed by AAL with compensation not contingent upon the amount of the value estimate, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or directions in value in favor of the Company.

Both AAL and TSE Wai Leung have neither present nor prospective interest in the appraised assets or the value reported.

TSE Wai Leung is a member of the Royal Institution of Chartered Surveyors (RICS), the Hong Kong Institute of Surveyors (HKIS), a Registered Professional Surveyor (RPS) in General Practice and a holder of Chartered Financial Analyst (CFA) chartership. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum.

5. SOURCE DATA AND INFORMATION

The principal sources of information for this valuation are:

1. Copy of *Business Profile* of CBR issued by the Accounting and Corporate Regulatory Authority of Indonesia on 29 October 2015;

2. Copy of *Memorandum* and *Articles of Association* of CBR (formerly known as Mulberry Café Pte. Ltd.) dated 18 August 2009;

3. Copy of *Shareholder Agreement* (the "**Shareholder Agreement**") entered into among 7 shareholders of CBR on 15 July 2012;

4. Copy of *Audited Financial Statement* of CBR for the financial year ended 31 December 2014;

5. Copy of *Unaudited Financial Statement* of CBR for the financial year ended 31 December 2015;

6. Copy of *Unaudited Financial Statement* of CBR for 3 months ended 31 March 2016;

7. Copy of unexecuted *Convertible Loan Agreement* issued by CBR as Issuer;

8. Copy of executed *Convertible Loan Investor Opt-in Form* issued by CBR to its shareholders on 14 February 2015;

9. Copy of executed *Loan Agreement* entered into between CBR as Lender and PT Sutera Abadi ("**PTSA**") as Borrower on 8 March 2014;

10. Copy of executed *Loan Agreement* entered into between CBR as Lender and PT Sutera Sejahtera ("**PTSS**") as Borrower on 8 March 2014;

11. Copy of executed *Acknowledgement of Indebtedness Agreement* entered into between CBR and PTSS on 8 March 2014;

12. Copy of executed *Option Agreement* entered into between CBR as Grantee and PTSS as Grantor on 8 March 2014;

13. Copy of executed *Loan Agreement* entered into between CBR as Lender and PT Sutera Perkasa ("**PTSP**") as Borrower on 29 April 2013;

14. Copy of executed *Acknowledgement of Indebtedness Agreement* entered into between CBR and PTSP on 29 April 2013;

15. Copy of executed *Option Agreement* entered into between CBR as Grantee and PTSP as Grantor on 29 April 2013

16. 3 copies of executed *Loan Agreements* all entered into between CBR and Nyoman Prabawa ("**NP**") as Borrower on 8 March 2014;

17. 3 copies of executed *Acknowledgement of Indebtedness Agreements* all entered into between CBR and NP on 8 March 2014;

18. 3 copies of executed *Assignment of Dividends Agreements* all entered into between CBR and NP on 8 March 2014;

19. 3 copies of executed *Option to Purchase Shares Agreement* all entered into between CBR and NP on 8 March 2014;

20. 3 copies of executed *Pledge of Shares Agreement* all entered into between CBR and NP on 8 March 2014;

21. 3 copies of executed *Power of Attorney to Sell Shares* all entered into between CBR as Lender and Christopher Suprayogie Ganis ("**CSG**") as Borrower on 8 March 2014;

22. 3 copies of executed *Acknowledgement of Indebtedness Agreements* all entered into between CBR and CSG on 8 March 2014;

23. 3 copies of executed *Assignment of Dividends Agreements* all entered into between CBR and CSG on 8 March 2014;

24. 3 copies of executed *Option to Purchase Shares Agreements* all entered into between CBR and CSG on 8 March 2014;

25. 3 copies of executed *Pledge of Shares Agreements* all entered into between CBR and CSG on 8 March 2014;

26. 3 copies of executed *Power of Attorney to Vote* all entered into between CBR and CSG on 8 March 2014;

27. Copies Copy of executed *Option Agreements* entered into between CBR as Grantee and PTSS as Grantor on 8 March 2014;

28. Copy of executed *Option Agreement* entered into between CBR as Grantee and PTSP as Grantor on 29 April 2013;

29. Copy of executed *Land Lease Agreement* entered into between Ida Bagus Putra Baruna, Ida Bagus Agung Wiadnyana, Ida Bagus Dalem Cahayadi, Ida Ayu Laksmi Anjali, Ida Ayu Rajarani Ccernpaka, Ida Bagus Bhaskara Parameswara (collectively as the Lessor) and CBR as the Lessee on 23 August 2013 in relation to the land parcels being occupied by Sens Hotel & Spa held and occupied by PTSA;

30. Copy of *Hak Guna Bangunan (Certificate of Right of Use of Building)* issued by the Pemerintah Kabupaten Gianyar on 5 December 2013 in relation to Sens Hotel & Spa;

31. Copy of *Land Title Certificate* issued by the Kantor Pertanahan Kabupaten Gianyar on 27 December 2013 in relation to the land parcel held by PTSS;

32. Copy of *Hak Guna Bangunan (Certificate of Right of Use of Building)* issued by the Pemerintah Kabupaten Gianyar on 14 November 2014 in relation to the hotel under construction over the land parcel held by PTSS;

33. Copy of 3 sets of *Land Title Certificates* all issued by the Kantor Pertanahan Kabupaten Badung on 26 January 2010 in relation to the land parcels held by PTSP; and

34. Copy of executed *Hotel Syndication*, *Development and Management Agreement* entered into between SereS Hotels & Resorts Pte. Ltd. as operator and CRB as owner on 14 December 2013 in relation to the hotels completed or to be development on land leased or owned by PTSA, PTSS and PTSP.

35. Statement Letter issued by CBR confirming the shareholding of Morning Sky Holdings Ltd. ("MSH", a wholly-owned subsidiary of the Company) in CBR.

36. 3 sets of Legal Opinion (the "Legal Opinion") all issued by the Indonesia Legal Counsel on the Loan Agreements all entered by CBR as the Lenders.

6. DESCRIPTION OF CBR

By virtue of the Shareholder Agreement entered into among MSH and other investors on 15 July 2012, CBR is an investment company that has been incorporated in Singapore for the purpose of sponsoring entities in Indonesia for hotel developments and operations.

As at the Valuation Date, CBR had a registered and paid up capital of US$16,246,000 and a total number of issued share of 13,856,072 of which 1,350,000 (9.74%) shares are held by MSH.

Through separate loan document packages entered with PTSA, PTSS and PTSP, CBR have advanced corporate loans to each of PTSA, PTSS and PTSP with respective maximum loan amounts of US$8,500,000 ("**PTSA Loan**"), US$10,000,000 ("**PTSS Loan**") and US$6,900,000 ("**PTSP Loan**"). Alongside with each of the PTSA Loan, PTSS Loan and PTSP Loan, CBR entered into separate Loan Agreements with NP and CSG (both of them are shareholders of PTSA, PTSS and PTSP) with respective loan amounts of US$15,000 and US$35,000 which shall only be redeemable by share equity of PTSA, PTSS and PTSP. Subject to the fulfillment of prescribed criteria and prior approvals from the relevant Government authorities including but not limiting to Indonesian Capital Investment Board (Badan Koordinasi Penanaman Modal) and Indonesia's Ministry of Law and Human Rights (MLHR/Kementerian Hukum dan Hak Asasi Manusia), each of the loan document package confers CBR the rights to convert the PTSA Loan, PTSS Loan and PTSP Loan into share equity of PTSA, PTSS and PTSP.

In 2015, CBR completed all necessary application procedures and obtained all relevant Government approvals for converting the PTSA Loan and as a result, PTSA became a wholly-owned subsidiary of CBR.

As at the Valuation Date, the major assets of CBR comprise the followings:

- 100% equity interest of PTSA;
- the PTSS Loan;
- the PTSP Loan; and
- those loans advanced to NP and CSG in relation to the PTSS Loan and the PTSP Loan.

As confirmed by the Company, CBR has not made any application to the Government and does not have any intention to convert the PTSS Loan and the PTSP Loan.

PTSA is a company organized and existing under the laws of Indonesia with a registered and paid up capital of US$1,602,795. Its primary assets are SenS Hotel & Spa Conference Ubud Town Centre which is a 4-star boutique hotel situated at Sukma Street, Banjar Tebesaya Village, Peliatan Sub-district, Ubud District, Gianyar Region, Bali Province, Indonesia. It is stretching a land area of 1,887 square metres and is erected with a 4-level hotel tower with a total gross floor area of 6,285 square metres. providing a total of 91 guest rooms (comprising 35 superior rooms, 56 superior plus rooms and 6 suites), café and restaurants, lounges, health and spa club and swimming pool.

The land parcel of the hotel is held by Anak Agung Okta Kartini under Hak Milik (Freehold) dated 12 August 2014. The land use rights have been secured by PTSA by way of land lease with a term of 35 years commencing from the date of receipt of building occupation permit, the hotel operating license and other relevant permits by PTSA for lawfully commencing operations of the hotel with options to renew for 3 consecutive terms of 20 years. The Hak Guna Bangunan (right to build) land certificate (SHGB No. 12) has been issued by the Land Office of Gianyar District to PTSA.

According to the unaudited financial statement as at the Valuation Date, the financial position of CBR was as follows:

Assets *(US$)*

Non-current Assets	
Property plant and equipment[1]	5,403,331
Goodwill[2]	3,305,090
Loan to PTSP	50,000
Loan to PTSS	50,000
Total Non-current Assets	**8,808,421**
Current Assets	
Inventories[3]	261,409
Trade Receivables	19,242
Other Receivables	1,840,178
Loan to PTSP[4]	2,316,013
Loan to PTSS[5]	3,813,236
Prepayments	16,067
Cash and Cash Equivalents	3,408,925
Total Current Assets	**11,675,070**
Total Assets	**20,483,491**

Liability and Share Capital *(US$)*

Non-current Liabilities	
Bank Loan	2,173,414
Convertible Loan[6]	1,600,000
Total Non-current liabilities	**3,773,414**
Current Liabilities	
Income Tax Payables	17,927
Trade Payables	26,252
Accrued Operating Expenses	425,753
Accrued Convertible Loan Interests	78,427
Other Payables	259,150
Total Current Liabilities	**807,509**
Total Liabilities	**4,580,923**
Equity	**15,902,568**
Total Liabilities and Equity	**20,483,491**

Notes:

1 Property, plant and equipment reported in the financial statement are all held by PTSA (a wholly-owned subsidiary of CBR) and are connected with SenS Hotel & Spa Conference Ubud Town Centre.

2 Goodwill is arouse on acquisition of PTSA by CBR by way of conversion of the PTSA Loan with a carrying value of US$7,579,925 as at the Valuation Date.

3 Inventories with a book value of US$261,409 are mainly consumables held by PTSA in associate with the operations of SenS Hotel & Spa Conference UBud Town Centre. They comprise food (US$7,947), beverage (US$8,231), spa supplies (US$459), cleaning supplies (US$894), guest supplies (US$20,240), printing & stationery supplies (US$5,124), engineering supplies (US$136), kitchen fuel (US$151), generator fuel (US$1,589), kitchen utensils & equipment (US$61,221), room supplies (US$43,969), uniform (US$9,647), chinaware & glassware (US$22,464), cutleries & FB supplies (US$18,680), linen & towel (US$59,487), container (US$108), kitchen supplies (US$479) and engineering tools (US$584). As confirmed by the Company, they are accounted for on first in first out basis and the book value reflects the current purchase costs of the inventory items. Therefore, no fair value adjustment is required and their book values provide good indication of fair values of respective inventory items.

4 Loan to PTSP of US$2,316,013 consists of the draw down loan amount of PTSP Loan and the accrued interests less tax payment on loan interest as at the Valuation Date.

5 Loan to PTSS of US$3,813,236 consists of the draw down loan amount of PTSS Loan and the accrued interests less tax payment on loan interest as at the Valuation Date.

[6] Convertible Loan is the principal amount of an unsecured convertible loan issued by CBR to its shareholders and investors. The convertible bond has a coupon rate of 6% per annum accrued on daily basis maturing on 15 March 2018. The holders of the convertible bond have the right to convert the whole or part of the principal amount into new shares of CBR at a price of US$1.6 per share. As confirmed by the Company, MSH has not subscribed for any amount of the Convertible Loan.

7. BASIS OF VALUATION

The Shares have been valued on the basis of "Fair Value" which is defined in the Hong Kong Financial Reporting Standards 13 (HKFRS13) as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Our appraisal included discussions with the management of the Company in relation to the history and nature of CRB's operations; a study of the financial information; a review of the information provided by the Company in connection with the strategy of and the plan of action to be taken to implement the business plans. We have assumed that such information, opinions and representation provided to us are true and accurate. Before arriving at our opinion of value of the Shares, we have considered the following major factors:

i. the nature and the prospect of the concerned business operations of CBR, PTSA, PTSS and PTSP;

ii. the specific economic and competitive element affecting CBR, PTSA, PTSS and PTSP, the industry and the market in which they are participating;

iii. the market-derived investment returns of enterprises engaged in a similar line of business;

iv. the business risk of the operations of CBR, PTSA, PTSS and PTSP;

v. the nature of CBR's interests over its investment in Indonesia as revealed from the Legal Opinion prepared by the Indonesia Legal Counsel engaged by the Company; and

vi. the financial information of CBR, PTSA, PTSS and PTSP.

In view of the general environment and the particular situation in which CBR, PTSA, PTSS and PTSP are operating, the following assumptions have been adopted in our valuation in order to sufficiently support our concluded value:

i. there will be no major change in the existing political, legal and economic conditions in Indonesia;

ii. there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by CBR, PTSA, PTSS and PTSP;

iii. the interest rates and exchange rates will not differ materially from those presently prevailing;

iv. as part of our analysis, we have reviewed financial and business information from public sources together with such financial information, management representation, project documentation and other pertinent data that are specific to the project and made available to us by the management of the Company during the course of our valuation. We have assumed the accuracy of, and have relied on the information and management representations provided in arriving at our opinion of value;

v. the properties and facilities utilized by CBR, PTSA, PTSS and PTSP are all sound and capable in performing their designed functions for supporting the hotel operations and do not infringe any relevant regulations and law;

vi. save for those liabilities stated in the financial statement of CBR, PTSA, PTSS and PTSP, the Shares and the operating assets thereof are free from any off balance sheet encumbrance and liability including but not limited to mortgage, charge, land premium to the Government and relocation compensation;

vii. the properties of PTSA, PTSS and PTSP are not subject to any unsettled dispute, lawsuits, foreclosure order, court seizure order and any third party rights as at the Valuation Date;

viii. the shareholding of CBR in PTSA is legal and valid and does not violate any laws, regulations, rules and directives of the Indonesia Government;

ix. the property interests of PTSA, PTSS and PTSP (including land leasehold interests and building rights) are valid and permissible to be developed and operated for hotel purposes free from any further land premium or any other payments of substantial amount to the Government;

x. PTSA, PTSS and PTSP or their successors in title shall have no impediment to obtain and renew all necessary permits and licenses to carry out hotel business activities in their properties from time to time;

xi. The loan document packages in associate with the PTSS Loan and the PTSP Loan are valid and enforceable and are necessary application procedures and formality have been completed and all relevant Government approvals have been obtained by the concerned parties to the loans;

xii. the estimated fair value do not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the fair value.

8. VALUATION METHODOLOGY

As CBR is an investment holding company of which the principal business activities are investing in business entities participating in hotel projects by way of equity investment or loan financing, it is appropriate to be valued by asset based approach. By this approach, fair value of CBR is determined by adjusting all of its asset and liabilities items to fair values. Valuation of CBR using income approach is not appropriate as CBR itself is not a business operating entity. Valuation of CBR using market approach is also not appropriate as its investment portfolio is unique and no comparable investment company or fund can be identified for reasonable comparison.

For the purpose of determining the fair values of assets and liabilities of CBR, we have considered the three generally accepted approaches namely the market approach, the cost approach and the income approach.

In the market approach, the value of the an asset is estimated through analysis of recent sales of comparable assets with adjustments made to the indicated market price to reflect condition and utility of the assets valued relative to the market comparative.

When no market transaction of similar assets or when data cannot be extrapolated from larger transactions, the cost approach is considered to be the alternative approach to value the assets.

The cost approach considers the costs to reproduce with similar design and materials of or to replace with different design and materials but having the nearest equivalent utility of the assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history (if any).

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

In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to the assets and the liabilities. In some situations, elements of two or three approaches may be combined to reach a value conclusion.

Based on the financial statement of CBR, the following asset and liability items have their book values re-stated to fair values:

- Property, plant and equipment and goodwill with respective book value of US$5,403,313 and US$3,305,090 which are accounting for SenS Hotel & Spa Conference Ubud Town Centre held by PTSA;
- The PTSP Loan and the PTSS Loan;
- The Personal Loans advanced to NP and CSG; and

- Convertible Bond issued by CBR (the "**CB**")

For other assets including inventories (US$261,409), trade receivables (US$19,242), other receivables (US$1,840,178), prepayments (US$16,067) and cash (US$3,408,925) and other liabilities including bank loan (US$2,173,414), income tax payables (US$17,927), trade payables (US$26,252), accrued operating expenses (US$425,753), accrued convertible loan interests (US$78,427) and other payables (US$259,150), no fair value adjustment are considered necessary on the following grounds:

- Inventories are all consumables purchased by PTSA from the market for the normal business operations of SenS Hotel & Spa Conference UBud Town Centre and their book value are good indication on the fair value of the inventory items;

- As confirmed by the Company, all receivable amounts can be recovered in full within one year and therefore no fair value adjustment and provision is deemed necessary;

- As confirmed by the Company, all bank loans are floating rate notes subject to normal commercial terms and therefore their fair values are represented by their fair values.

- All current payable amounts have been aroused during normal course of businesses of PTSA and shall all be settled by it within one year. Therefore, their fair values are represented by their respective book values.

Fair Value of Property, plant and equipment and goodwill

SenS Hotel & Spa Conference Ubud Town Centre is a 4-star boutique hotel lying close to the downtown area of Ubud District. The hotel is occupying a land parcel of 1,887 square metres and is erected with a 4-storey hotel compound with a gross floor area of 6,285 square metres providing a total of 91 guest rooms, café and restaurants, lounge, health and spa club and swimming pool. The hotel had its soft opening and commenced operations in March 2015. It was fully operational in June 2015.

The land parcel of the hotel is held by Anak Agung Okta Kartini under Hak Milik (Freehold) dated 12 August 2014. The land use rights have been secured by PTSA by way of lease agreement (the "**Lease Agreement**") entered into between Ida Bagus Putra Baruna, Ida Bagus Agung Wiadnyana, Ida Bagus Dalem Cahayadi, Ida Ayu Laksmi Anjali, Ida Ayu Rajarani Ccernpaka, Ida Bagus Bhaskara Parameswara as Lessor and PTSA as Lessee on 27 August 2013. The Hak Guna Bangunan (right to build) land certificate (SHGB No. 12) has been issued by the Land Office of Gianyar District to PTSA.

The term of the land lease is effective for a duration of 35 years commencing from the official operation commencement date of the hotel (the "**Initial Lease Term**") with irrevocable priority option right to extend and renew the lease term by the Lessee automatically and unilaterally for three consecutive renewal terms of 20 years each at the same terms and conditions as the Initial Lease Term except for the lease rental.

As provided in the Lease Agreement, total lump sum land rental over the Initial Lease Term is IDR7,980,000,000 which has been accounted for as part of "Property Plant and Equipment" in the financial statement of CBR. Land Rental for the first renewal term (20 years) is double of the annual land rental payable for the Initial Lease Term provided that the total land rental for the entire 20 years term is paid in one go within 7 years of the official operation commencement date or shall be calculated at an amount in commensurate with the gold price on the last calendar month of the Initial Lease Term. Land Rental for the second and third renewal term shall be based on prevailing market rates of similar land lease as determined by reputable real estate agents or professionals jointly appointed by both parties.

The Market Value of SenS Hotel & Spa Conference Ubud Town Centre as measured by combination of market approach (valuation of land portion) and cost approach (valuation of building portion) IDR104,162,000,000 (US$7,879,000) comprising the following components:

Component	**Market Value** *(IDR)*	**Market Value** *(US$)*
Leasehold interest in land	10,000,000,000	756,000
Hotel Building	60,800,000,000	4,599,000
Mechanical, Electrical & Plumbing	15,495,150,000	1,172,000
Office Equipment	117,420,000	9,000
Fixture & Furniture	6,266,760,000	474,000
Hotel Equipment	5,514,580,000	417,000
Hotel Operating System	2,585,690,000	196,000
Total	**100,779,600,000**	**7,623,000**

This approach of valuation provides good indication of market value of landed properties which are normally transacted on en-bloc basis (such as hotels, bungalows, detached villas, specialized industrial complexes) as purchasers have the options to either acquire completed properties or acquire development land and build up the properties on their own.

The leasehold interest in land has been valued at US$815,000 by direct comparable approach with reference to market value of leasehold interests in land at the subject locality.

As revealed from the "Indonesia Report — Construction Market Update" released by Rider Levett Bucknall (RLB), a renowned international quantity surveying firm, in December 2015, the ranges of construction costs (excluding fixture & furniture & Equipment) of 3-star hotel and 5-star hotel in Indonesia are ranging from IDR10,410,000/m^2 to IDR11,880,000/m^2 and from IDR13,670,000/m^2 to IDR17,420,000/m^2 respectively. Please refer to the website http://rlb.com/publications/rlb-indonesia-report-december-2015/for the full copy of the market construction cost report.

Given the assessed replacement costs (excluding fixture & furniture & Equipment) of SenS Hotel & Spa Conference Ubud Town Centre (being IDR60,800,000,000 + IDR15,495,150,000 = IDR76,295,150,000) and a total gross floor area of 6,285 square metres, the replacement cost is determined at IDR12,139,244/m^2 which is within the range of construction costs as covered by RLB's research.

The remaining components of the hotel are chattels and hotel operating software which have been purchased or procured by PSTA from suppliers on the market. Their book values with a total amount of US$1,096,000 have been taken as their fair value.

Fair Value of the PTSS Loan, the PTSP Loan and Loans advanced to NP and CSG

Pursuant to the Loan Agreement entered into between CBR as the Lender and PTSS as the Borrower on 8 March 2014, CBR agreed to provide to PTSS loan facilities (the "**PTSS Loan**") with a maximum principal amount of US$10,000,000 for the sole purpose of acquisition of land and developing a hotel over such land at Singarkerta Village, Ubud District, Bali Province, Indonesia. The PTSS Loan carries an annual coupon of 6% accrued from the drawdown date.

The outstanding principal, accrued and unpaid interest of the PTSS Loan shall be repaid by PTSS upon the earlier of (i) the date falling fifteen years from the date of the Loan Agreement (i.e. 8 March 2014) or (ii) CBR's demand for such repayment. Subject to the fulfillment of prescribed criteria and prior approvals from the relevant Government authorities including but not limiting to Indonesian Capital Investment Board (*Badan Koordinasi Penanaman Modal*) and Indonesia's Ministry of Law and Human Rights (MLHR/*Kementerian Hukum dan Hak Asasi Manusia*), the amount due together with the accruing interest of the PTSS Loan shall be deemed to be fully repaid by PTSS if CBR opt to convert the PTSS Loan to become the shareholder of PTSS. As confirmed by the Company, the amount due and accruing interest of the PTSS Loan as at the Valuation Date are US$3,434,459 and US$415,154 respectively.

Pursuant to another Loan Agreement entered into between CBR as the Lender and PTSP as the Borrower on 29 April 2013, CBR agreed to provide to PTSP loan facilities (the "**PTSP Loan**") with a maximum principal amount of US$6,900,000 for the sole purpose of acquisition of land and developing a hotel over such land at Canggu Village, Kuta Utara District, Badung Town, Bali Province, Indonesia. The PTSP Loan carries an annual coupon of 6% accrued from the drawdown date.

The outstanding principal, accrued and unpaid interest of the PTSP Loan shall be repaid by PTSP upon the earlier of (i) the date falling fifteen years from the date of the Loan Agreement (i.e. 29 April 2013) or (ii) CBR's demand for such repayment. Subject to the fulfillment of prescribed criteria and prior approvals from the relevant Government authorities including but not limiting to Indonesian Capital Investment Board (*Badan Koordinasi Penanaman Modal*) and Indonesia's Ministry of Law and Human Rights (MLHR/*Kementerian Hukum dan Hak Asasi Manusia*), the amount due together with the accruing interest of the PTSP Loan shall be deemed to be fully repaid by PTSP if CBR opt to convert the PTSP Loan to become the shareholder of PTSP. As confirmed by the Company, the amount due and accruing interest of the PTSP Loan as at the Valuation Date are US$1,920,884 and US$435,840 respectively.

Material terms of the PTSS Loan and the PTSP Loan are summarized as follows:

Borrower	PTSS	PTSP
Lender	CBR	CBR
Agreement Date	8/3/2014	29/4/2013
Outstanding Amount as at Valuation Date (US$)	3,434,459	1,920,884
Accrued Interest (US$)	415,154	435,840
Maturity Date	8/3/2029	29/4/2028
Term to Maturity (Year)	12.94	12.08
Redemption at Maturity	100% plus accrued interest	100% plus accrued interest
Interest	Fixed 6% p.a.	Fixed 6% p.a.
Borrower Early Repayment Option	nil	nil
Lender Early Repayment Option	100% plus accrued interest on demand of Lender	100% plus accrued interest on demand of Lender

Fair value of a fixed income security can be determined based on the present value of its expected cash flows (including coupon payments and redemption payments). It involves determination of appropriate discount rates for each of the cash flows or a yield to maturity.

Financial positions of PTSS and PTSP as revealed from the unaudited financial statements as at the Valuation Date are set out as follows:

(Indonesia Rupiah)	PTSS	PTSP
Assets		
Cash and Bank	5,748,877,591	356,337,200
Inventories	21,468,901	—
Prepaid Expenses	2,122,066,863	—
Advance Purchases	1,475,941,692	—
Due from Related Parties	—	485,693,037
Deferred Expenses	574,000,000	—
Fixed Assets	38,286,147,660	1,792,740,300
Construction in Progress	15,721,917,476	—
Other Non-current Assets	—	14,776,801,864
Total Assets	**63,950,420,183**	**17,411,572,401**
Liabilities		
Other Payables	138,500,000	—
Taxes Payables	79,086,085	—
Due to Related Party	23,790,089,336	518,061,725
Loan to CBR	50,624,521,273	30,747,390,647
Total Liabilities	**74,632,196,694**	**31,265,452,372**
Equity	(10,681,776,511)	(13,853,879,971)

The major assets of PTSS comprise a hotel project located at Singarkerta Village, Ubud District, Gianyar Region, Bali Province, Indonesia. The hotel is stretching a land area of 9,440 square metres and is proposed to be developed into a 45-room hotel tower, 20 villas and a spa complex with a total gross floor area of 11,486 square metres. Construction work for the hotel is currently in progress and is scheduled for completion in by end of this year.

The development site of the hotel comprises 2 contiguous land parcel with respective areas of 240 square metres and 9,200 square metres. Two Hak Guna Bangunan (right to build) land certificates (SHGB Nos. 33 and 34) have been issued by the Land Office of Gianyar District to PTSS. Under the Law No. 5/960 of the Basic Agrarian Law and Government Regulation No. 40/1996 about Right to Build, Leasehold and Right to Use, Hak Guna Bangunan (right to build) land certificate is valid for a maximum period of 30 years with rights to extend for 20 years and to further extend for 30 years.

The hotel has been valued at IDR109,815,200,000 (US$8,306,119) based on the summation of (i) market value of leasehold interest in land of IDR54,976,000,000 (US$4,158,233) which has been valued by direct comparison approach with reference to market values of leasehold interests in land at the subject locality and (ii) construction costs expended for the work in progress of IDR54,839,200,000 (US$4,147,886) as reported in the financial statement.

As confirmed by the Company, the hotel project has been reported in the financial statement of PTSS through the asset items of “Inventories”, “Prepaid Expenses”, “Advanced Purchases”, “Deferred Expenses”, “Fixed Assets” and “Construction In Progress” with an aggregate book value of IDR58,201,542,592.

The major assets of PTSP comprise a hotel project located at Munduk Catu Road, Canggu Village, North Kuta Utara Sub District, Badung District, Bali Province, Indonesia. The hotel is stretching a land area of 2,000 square metres and is proposed to be developed into a 118-room hotel tower. Construction work for the hotel is yet to commence as at the Valuation Date.

The development site of the hotel comprises 3 contiguous land parcel with respective areas of 1,000 square metres, 500 square metres and 500 square metres. Three Hak Guna Bangunan (right to build) land certificates (SHGB Nos. 848, 849 and 850) have been issued by the Land Office of Gianyar District to PTSS. Under the Law No. 5/960 of the Basic Agrarian Law and Government Regulation No. 40/1996 about Right to Build, Leasehold and Right to Use, Hak Guna Bangunan (right to build) land certificate is valid for a maximum period of 30 years with rights to extend for 20 years and to further extend for 30 years.

The hotel has been valued at IDR23,278,000,000 (US$1,760,684) based on the summation of (i) market value of leasehold interest in land of IDR23,278,000,000 (US$1,760,684) which has been valued by direct comparison approach with reference to market values of leasehold interests in land at the subject locality and (ii) construction costs expended of nil as construction work has not yet commenced.

As confirmed by the Company, the hotel project has been reported in the financial statement of PTSP through the asset items of “Fixed Assets” and “Other Non Current Asset” with an aggregate book value of IDR16,569,542,164.

Financial positions of PTSS and PTSP after fair value adjustment of the hotel property are set out as follows:

(Indonesia Rupiah)	**PTSS**	**PTSP**
Assets		
Cash and Bank	5,748,877,591	356,337,200
Hotel Property	109,815,200,000	23,278,000,000
Due from Related Parties	—	485,693,037
Total Assets	**115,564,077,591**	**24,120,030,237**
Liabilities		
Other Payables	138,500,000	—
Taxes Payables	79,086,085	—
Due to Related Party	23,790,089,336	518,061,725
Loan to CBR	50,624,521,273	30,747,390,647
Total Liabilities	**74,632,196,694**	**31,265,452,372**
Equity	40,931,880,897	(7,145,422,135)
Net Asset to service the Loan to CBR	91,556,402,170	23,601,968,512
Net Asset to service the Loan to CBR (US$)	6,925,074	1,785,188

Yield to maturity applicable for discounting future cash flows of the PTSS Loan and PTSP Loan is built up as follows:

a) Risk Free Rate : 2.102%[1]

b) Credit Spread : 7.266%[2]

c) Yield-to-Maturity : 9.368% (summation of a, b)

Notes:

1 Risk Free Rate is based on interpolation of 10-year and 15-year key rates of US Sovereign Strips Curve as at the Valuation Date.

2 Credit spread has been determined with reference to the option adjusted spread of non-investment grade bond issues with issuers engaging in such businesses as travel, lodging and entertainment that would also be carried out in the hotels and villas being developed or shall be developed by PTSS and PTSP.

As the appropriate yield-to-maturity is higher than the coupon rate of both the PTSS Loan and the PTSP Loan, they are regarded as discount bonds and it is optimal for CBR to demand immediate repayment from the borrowers and looks for higher yields from bond issues with credit risk comparable to the PTSS Loan and the PTSP Loan. Therefore, the fair value of each of the PTSS Loan and the PTSP Loans should be the lower of the book values and the adjusted net asset value of PTSS and PTSP to service the loans:

(US$)	PTSS Loan	PTSP Loan
Assets		
Book Value	3,813,236	2,316,013
Adjusted Net Asset to service the Loan	6,925,074	1,785,188
Fair Value of the Loan	**3,813,236**	**1,785,188**

Along with the issue of the PTSS Loan, CBR advanced personal loans to NP and CSG (both are shareholders of PTSS) with particulars set out as follows:

Borrower	CSG	NP
Lender	CBR	CBR
Agreement Date	8/3/2014	8/3/2014
Outstanding Amount as at Valuation Date (US$)	35,000	15,000
Accrued Interest (US$)	Nil	Nil
Maturity Date	Nil	Nil
Term to Maturity (Year)	Nil	Nil
Redemption at Maturity	350 shares of PTSS	150 shares of PTSS
Interest	Nil	Nil
Borrower Early Repayment Option	Nil	Nil
Lender Early Repayment Option	350 shares of PTSS on demand of the Lender	350 shares of PTSS on demand of the Lender

Along with the issue of the PTSP Loan, CBR advanced personal loans to NP and CSG with terms and conditions identical to those of advanced by CBR for the issue of the PTSS Loan as mentioned above.

The fair value of all the loans to CSG and NP is nil on the ground that they are all redeemable in share equity of PTSS and PTSP but not in cash and the eligibility of CBR to become the shareholders of PTSS and PTSP cannot be ascertained as at the Valuation Date.

Fair Value of the CB

On 16 March 2015, CBR issued the CB with a principal amount of US$1,600,000 to its shareholders and investors. Material terms of the CB are summarized as follows:

Date of Issuance:	16 March 2015
Date of Valuation:	31 March 2015
Principal Amount:	US$1,600,000
Maturity Date:	15 March 2018
Interest:	6% per annum payable annually
Conversion Price:	US$1.60 per share of CBR
Redemption:	The Convertible Bonds will be redeemed at the price of principal amount plus accrued interest with the condition that the holders choose not to convert the Convertible Bonds.
Conversion:	The holders have rights to convert the Convertible Bonds into common shares of CBR on the Maturity Date at a conversion price of US$1.6/share.

The **Binomial Pricing Model** is employed in deriving the fair value of the CB. The model involves the construction of a binomial lattice which represents different possible paths that might be followed by the underlying asset prices over the life of the Convertible Note. Within the lattice, the price of the underlying asset at each node is assumed to go either up or down in moving forward to next time step. If the price starts out with value S then it will take either the value uS or dS after the next timestep. After two timesteps the asset will be at either u2S if there are two up moves, udS if an up was followed by a down or vice versa, or d2S if there are two consecutive down moves. Such process would be repeated when extending this random walk out all the way until expiry.

S(n + 1) = S(n) X "**up factor (u)**" or

S(n + 1) = S(n) X "**down factor (d)**"

Both the factor u and d remain the same throughout the whole lattice such that the lattice would be in the form of combined tree (i.e. the underlying asset price would come up with the same price if it has taken the same number of upstep and downstep in passing through the lattice).

In our valuation, the following parameters were adopted:

Date of Valuation	Remaining term to Maturity (Year)	Stock Price of the company share as at Valuation Date (US$)[1]	Conversion Price (US$)	Risk Free Rate (%)[2]	Dividend Yield	Volatility (%)[3]
31/3/2016	1.95	1.0626	1.60	0.713	0%[4]	28.91

Notes

1 Stock Price is estimated by the NAV of CBR. The NAV has been adjusted by the fair value of fixed assets, loan due from PTSP and PTSS and the respective shareholders, and exclude the book value of the Convertible Bonds. The entire NAV is divided by the existing the number of common shares plus the number of conversion shares as if the Convertible Bonds are fully converted.

2 Risk free rate represents the yields to maturity of US sovereign bond issues with terms to maturity commensurate with that of the CB, with reference to the US Sovereign Strips Curve as at the Valuation Date. The value is extracted from Bloomberg.

3 Volatility represents the standard deviation of daily return of such hotel stocks as Homeinns Hotel Group (ADR), NH Hotel Group S.A., Dalata Hotel Group PLC and Choice Hotels International, Inc. extracted from Bloomberg.

4 Dividend yields of 0% is adopted in the valuation.

Given the above parameters, the fair value of the CB as measured by Binomial Pricing Model is US$1,605,186.

Valuation of Equity Interests of CBR

Given the above fair values of assets and liabilities of CBR, the fair value of equity interest of CBR is calculated as follows:

US$	**Book Value**	**Fair Value**
Non-current Assets		
Property plant and equipment[1]	5,403,331	7,623,000
Goodwill[2]	3,305,090	—
Loan to PTSP	50,000	—
Loan to PTSS	50,000	—
Total Non-current Assets	**8,808,421**	**7,623,000**
Current Assets		
Inventories	261,409	261,409
Trade Receivables	19,242	19,242
Other Receivables	1,840,178	1,840,178
Loan to PTSP3	2,316,013	1,785,188
Loan to PTSS4	3,813,236	3,813,236
Prepayments	16,067	16,067
Cash and Cash Equivalents	3,408,925	3,408,925
Total Current Assets	**11,675,070**	**11,144,245**
Total Assets	**20,483,491**	**18,767,245**

	Book Value	Fair Value
Non-current Liabilities		
Bank Loan	2,173,414	2,173,414
Convertible Loan	1,600,000	1,605,186
Total Non-current Liabilities	**3,773,414**	**3,778,600**
Current Liabilities		
Income Tax Payables	17,927	17,927
Trade Payables	26,252	26,252
Accrued Operating Expenses	425,753	425,753
Accrued Convertible Loan Interests	78,427	78,427
Other Payables	259,150	259,150
Total Current Liabilities	**807,509**	**807,509**
Total Liabilities	**4,580,923**	**4,586,109**
Equity	**15,902,568**	**14,181,136**
Total Liabilities and Equity	**20,483,491**	**18,767,245**

The fair value of 100% equity interest of CBR is measured at US$14,181,136 (HK$110,612,863) of which the value attributable to the Shares is US$1,381,243 (HK$10,773,693).

9. LIMITING CONDITIONS

We have accepted such information as the nature of the Shares, CBR, PTSA, PTSS, PTSP, their assets and in the identification of their assets from the Company. We have had no reason to doubt the truth and accuracy of the information provided to us by the instructing party. We were also advised by the Company that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the correctness of the land and floor areas of the hotel properties of CBR, PTSS and PTSP but have assumed that the areas shown on the legal documents provided to us are correct. All documents and contracts have been used as reference only and all dimensions and areas are approximations.

For this valuation, we have conducted site inspections of the hotel properties but no structural survey and site investigation has been conducted. Our valuation has been made on the basis that the underground conditions and services of the hotel properties are satisfactory and that no extraordinary expenses or delays will be incurred during their developments and operations.

No allowance has been made in our valuation for any charges, mortgages, outstanding land and development payment or amounts owing on CBR, PTSS and PTSP nor for any expenses or taxation which may be incurred in effecting a sale. Save for those debts stated on book, it is assumed that the Shares are free from off balance sheet encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

10. OPINION OF VALUE

Based upon the investigation and analysis outlined above, our valuation basis, valuation assumptions and appraisal method employed, we are of the opinion that the Fair Value of the Shares as at **31 March 2016** is reasonably represented by the amounts of **US$1,381,243 (HK$10,773,693)**.

Conversion of US Dollars (US$) and Indonesian Rupiah (IDR) is based on a rate of US$1 to IDR13,221 and conversion of US Dollars (US$) and Hong Kong Dollars (HK$) is based on a rate of US$1 to HK$7.8, being the exchange rates as prevailing on the Valuation Date.

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

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

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

Yours faithfully,
for and on behalf of
Asset Appraisal Limited
Tse Wai Leung
CFA, MRICS, MHKIS
Director

1. RESPONSIBILITY STATEMENT

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

Information and confirmation relating to the Offeror, Hopevision Group Ltd., its respective associates and parties acting in concert with it set out in this circular have been duly extracted from the Joint Announcement or provided by the respective parties.

The Directors jointly and severally accept responsibility for the correctness and fairness of reproduction or presentation of such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company in the securities of the Company and its associated corporations

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

Long position in the Shares

	Number of Shares interested			
Director	**Family interest**	**Corporate interests**	**Total**	**% of issued share capital**
Mr. John Ming Tak Ho	1,076,000	138,347,288*	139,423,288	53.28%

* *By virtue of the SFO, Mr. John Ming Tak HO is deemed to have interests in the 138,347,288 Shares held by Fulcrest Limited, a company in which Mr. John Ming Tak HO had controlling interests.*

Save as disclosed above, as at the Latest Practicable Date, none of the directors or the chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following parties, other than a Director or chief executive of the Company, had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in the Shares

	Number of Shares interested			
Substantial Shareholder	**Direct interest**	**Deemed interests**	**Total**	**% of issued share capital**
Fulcrest Limited *(Note 1)*	138,347,288	—	138,347,288	52.87%
Asian Pacific Investment Corporation *(Note 1)*	—	138,347,288^	138,347,288	52.87%
KFH *(Note 2)*	710,000	138,347,288^	139,057,288	53.14%
KFI *(Note 2)*	8,680,000	139,057,288^	147,737,288	56.46%
COFCO (Hong Kong) Limited	45,058,000	—	45,058,000	17.22%
Jiang Tian *(Note 3)*	—	138,347,288*	138,347,288	52.87%
Shanghai Chongsheng Investment Management Co., Ltd *(Note 3)*	—	138,347,288*	138,347,288	52.87%
Hopevision Group Limited *(Note 3)*	138,347,288	—	138,347,288	52.87%

Note 1: Fulcrest Limited is owned as to (i) approximately 50.91% by Asian Pacific (Panama), being a wholly owned subsidiary of Asian Pacific, which is beneficially owned as to approximately 66.62% and 33.38% by Mr. Ho and Mr. Ho Ming Yu, respectively; and (ii) approximately 49.09% by KFH, being a wholly owned subsidiary of KFI, which is a company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation.

Note 2: KFH is a wholly owned subsidiary of KFI as at the Latest Practicable Date.

Note 3: Pursuant to the Sale and Purchase Agreement, Hopevision Group Ltd., being the purchaser under the Sale and Purchase Agreement, conditionally agreed to acquire 138,347,288 Shares from Fulcrest subject to fulfilment of certain conditions. As at the Latest Practicable Date, the Sale and Purchase Agreement was not completed. Hopevision Group Ltd. is indirectly wholly owned by Shanghai Chongsheng Investment Management Co., Ltd. which is owned as to 99% by Mr. Jiang Tian and 1% by Mr. Gong Biao. By virtue of the SFO, Mr. Jiang Tian and Shanghai Chongsheng Investment Management Co., Ltd are deemed to be interested in all the Shares in which Hopevision Group Ltd. is interested.

Mr. John Ming Tak HO is a director of Fulcrest Limited, Asian Pacific Investment Corporation, Kwong Fong Industries Corporation and Kwong Fong Holdings Limited.

Save as disclosed above, the Directors or chief executive of the Company are not aware of any party who, as at the Latest Practicable Date, had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

During the Relevant Period and as at the Latest Practicable Date,

(a) the Company did not hold, nor had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(b) neither the Company nor any of the Directors had dealt for value in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror;

(c) no person who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any parties acting in concert with it had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

(d) save as disclosed in the paragraph headed "2. Disclosure of interest" in this appendix, none of the Directors was interested in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had no dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code);

(e) none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of any of its subsidiaries; nor (iii) any adviser to the Company (as specified in class (2) of the definition of "associate "under the Takeovers Code), had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and/or had dealt in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code);

(f) no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code;

(g) no securities of the Company were managed on a discretionary basis by any fund managers connected with the Company, nor did any such fund managers deal in any securities of the Company;

(h) no Shares or securities of the Company had been borrowed or lent by any of the Directors or any person acting in concert with the Directors or by the Company; and

(i) there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

4. DIRECTORS' SERVICE CONTRACTS

Mr. John Ming Tak HO (i.e. Mr. Ho), an executive Director, entered into a service contract with the Company for three years from 21 May 2014 to 20 May 2017. He is entitled to receive a fixed remuneration of HK$2,448,000 per annum and variable remuneration as discretionary performance bonus having regard to the performance of Mr. Ho and financial results of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group or associated companies which (i) is not determinable by the Company within one year without payment of compensation, other than statutory compensation (ii) had been entered into or amended within six months prior to the commencement of the offer period (i.e. 1 September 2015) (including both continuous and fixed term contracts); (iii) were continuous contracts with a notice period of 12 months or more; or (iv) were fixed term contracts with more than 12 months to run irrespective of the notice period.

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular and have given opinions and advice which are contained in this circular:

Name	Qualifications
BDO Limited ("BDO")	Certified Public Accountants
Investec Capital Asia Limited	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (assets management) regulated activities under the SFO
VMS Securities Limited	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Asset Appraisal Limited	Independent professional valuer

As at the Latest Practicable Date, each of the experts above, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts above has given and has not withdrawn its respective written consents to the issue of this circular, with the inclusion therein of its respective letters, reports or the references to its respective names in the form and context in which they appear.

As at the Latest Practicable Date, each of the experts above did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2015, the date to which the latest published audited financial statements of the Group were made up.

6. CLAIMS AND LITIGATION

The Company commenced legal proceedings against Guangzhou Jinhe Feed Company Limited (廣州進和飼料有限公司) ("Jinhe"), Mr. Wong Hiuman (黃曉民) (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts). and Mr. Wang Xianning (黃獻寧) (the "Guarantor") since 2011.

On 16 January 2015, the Shanghai Higher People's Court released a judgement (the "Judgement") that Jinhe has to compensate the Group for the losses arising from price differences of reselling the inventories and the expenses paid by the Group on behalf of Jinhe as well as the import agency fee to the Group, and that Mr. Wong Hiuman should have the responsibility to bear all the above compensation under his obligation. Pursuant to the Judgement, Jinhe and Mr. Wong Hiuman should compensate the Group within 10 days from the date of the Judgement, but they failed to do so. On 9 February 2015, the Group has lodged an application for enforcement to the Shanghai No. 2 Intermediate People's Court to execute the Judgement. On 5 August 2015, Jinhe and Mr. Wong Hiuman have lodged an application for appeal (the "Appeal") to the Supreme People's Court of the PRC in respect of the Judgement and the Supreme People's Court of the PRC has rejected the Appeal on 17 December 2015. As at the Latest Practical Date, the enforcement is still in progress.

The Group has also applied arbitration against the Guarantor in respect of the Group's right to receive compensation, in the amount of approximately RMB44,335,019 as per the Judgement, under the Collateral Arrangement on 4 February 2015. In accordance with an order from the tribunal, the Group and the Guarantor have submitted their respective statement of opinion to the arbitration to the tribunal before 17 August 2015 and an arbitration hearing has been held on 13 November 2015. Subsequent to the hearing on 13 November 2015, the Group and the Guarantor have submitted their respective statement of further opinion to the arbitration.

The Company has sought legal advice from PRC legal counsel (the "Legal Advice") in this connection and it was noted that it may take a substantial period of time for the tribunal to form an award to the Arbitration. The PRC legal counsel also opined that even if an award is formed by the tribunal, the Guarantor may disagree with or not follow the award to fulfill his obligation under the Collateral Arrangement, and the Group will then have to apply for a civil enforcement to a court for obtaining or selling the Guarantor's interest in the Investment Project so as to recover the amounts due from Jinhe. After taking into account of the aforesaid Legal Advice, the management considered that the Group will be able to recover the amounts due from Jinhe, but after a considerable period of time which is subject to the progress of the Arbitration and the possible legal actions to be taken against the Guarantor in respect of the Collateral Arrangement, if any. Having considered the estimated time for the Arbitration and the possible legal actions to be taken against the Guarantor in respect of the Collateral Arrangement, the gross carrying amounts of trade receivables and other receivables due from Jinhe of approximately HK$31,194,000 and HK$12,582,000 as at 31 December 2015 was impaired for an aggregate amount of approximately HK$14,511,000. For further details, please refer to the annual results announcement for the year ended 31 December 2015 of the Company.

As at the Latest Practical Date, the Arbitration is still in progress and the tribunal has not yet formed any award in respect of the Group's right to receive compensation under the Collateral Arrangement.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there is no litigation or claims of material importance pending or threatened against any member of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had an interest in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business.

8. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, the date to which the latest published audited consolidated accounts of the Group were made up.

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

9. MATERIAL CONTRACTS

Except for the Disposal Agreement and the Lease Agreement, no member of the Group had entered into any material contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except Saturdays, Sundays and public holidays at the head office and principal place of business of the Company in Hong Kong at Unit D, 26/F., United Centre, No. 95 Queensway, Hong Kong, from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the three years ended 31 December 2015;

(c) the Disposal Agreement;

(d) the Lease Agreement;

(e) the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;

(f) independent reporting accountant's report on the financial information of the Group (including the Disposal Group) for the three years ended 31 December 2013, 2014 and 2015;

(g) the report from BDO Limited in respect of the unaudited pro forma financial information of the Remaining Group and the letter from Investec Capital Asia Limited on profit estimates, the text of which is set out in Appendix III to this circular;

(h) the valuation reports from Asset Appraisal Limited in respect of the valuation of properties held by the Remaining Group and the Disposal Group (including the Hong Kong Office), the valuation of the Bali Investment, the text of which is set out in Appendix IV to this circular;

(i) the written consents referred to under the paragraph headed "Expert and consent" in this appendix;

(j) the material contracts referred to under the paragraph headed "Material Contract" in this appendix;

(k) the Directors' service contracts referred to in the paragraph headed "Directors' Service Contracts" in this appendix; and

(l) this circular.

11. MISCELLANEOUS

(a) Ms. Wing Yan HO is the company secretary of the Company. She is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(b) The registered and head office of the Company is situated at Unit D, 26/F., United Centre, No. 95 Queensway, Hong Kong.

(c) The share registrar and transfer office of the Company is Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

GREAT CHINA HOLDINGS LIMITED
大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Great China Holdings Limited (the "**Company**") will be held at Falcon Room II, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 31 May 2016, at 3:30 p.m. to consider and, if thought fit, pass (with or without modifications) the following resolutions as ordinary resolutions. Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as that defined in the shareholder circular dated 13 May 2016 (the "**Circular**").

ORDINARY RESOLUTIONS

1. "**THAT** the Disposal Agreement dated 21 January 2016 and the Disposal Supplemental Agreement dated 18 April 2016 entered into between the Company as vendor and the Disposal Purchaser as purchaser, pursuant to which the Company conditionally agreed to sell and the Disposal Purchaser conditionally agreed to purchase the Disposal Shares and the Disposal Loan for a consideration of HK$887,247,000 on and subject to the terms and conditions contained therein, and the transactions contemplated under the Disposal Agreement be and are hereby approved, confirmed and ratified; and the Directors be and are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the bye-laws of the Company) in connection with the Disposal Agreement and to do and take all such action, steps, deeds and things in such manner as they may deem necessary, desirable or appropriate to give effect to the Disposal Agreement and the transactions contemplated thereunder."

2. "**THAT** the Lease Agreement dated 21 January 2016 and entered into between Shanghai Zenith, a wholly-owned subsidiary of the Disposal Group as lessee and a member of the Remaining Group as lessor, pursuant to which the subject lessor agreed to lease the Shanghai Property to the subject lessee for a period of six months commencing from the Disposal Completion Date for a monthly rent of RMB27,400 on and subject to the terms and conditions contained therein, and the transactions contemplated under the Lease Agreement be and are hereby approved, confirmed and ratified; and the Directors be and are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the bye-laws of the

Company) in connection with the Lease Agreement and to do and take all such action, steps, deeds and things in such manner as they may deem necessary, desirable or appropriate to give effect to the Lease Agreement and the transactions contemplated under it."

3. "**THAT**, subject to and conditional upon the Disposal Agreement, Second Special Dividend, Setting-off Arrangement and the Lease Agreement being approved by the Independent Shareholders at the EGM, the First Special Dividend of HK$1.223 per Share, to be distributed and paid in cash to the Shareholders whose names are registered on the register of members of the Company on the First Record Date be distributed and paid in cash; and the Directors (or any one of them) be and is/are hereby authorised to do such acts or things and execute such documents (including but not limited to the affixing of the seal of the Company) which in their/his/her opinion may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under this resolution."

4. "**THAT**, subject to and conditional upon the Disposal Completion and the Sale and Purchase Completion becoming effective, the Second Special Dividend of HK$3.085 per Share be distributed and settled (i) in cash to the Shareholders (other than the Disposal Purchaser) whose names are registered on the register of members of the Company on the Second Record Date; and (ii) partly by way of set off against the amount due to the Company by the Disposal Purchaser as a result of the acquisition of the Disposal Loan pursuant to the Disposal Agreement and the remaining balance in cash for the Disposal Purchaser (i.e. the Setting-off Arrangement); and the Directors (or any one of them) be and is/are hereby authorised to do such acts or things and execute such documents (including but not limited to the affixing of the seal of the Company) which in their/his/her opinion may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under this resolution."

5. "**THAT**, subject to and conditional upon the Disposal Completion and the Sale and Purchase Completion becoming effective, the Setting-Off Arrangement and the transactions contemplated under the same be and are hereby approved, confirmed and ratified; and the Directors (or any one of them) be and is/are hereby authorised to do such acts or things and execute such documents (including but not limited to the affixing of the seal of the Company) which in their/his/her opinion may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under this resolution."

By Order of the Board
Great China Holdings Limited
John Ming Tak HO
Managing Director

Hong Kong, 13 May 2016

Notes

1. Any member entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.

2. Where there are joint holders of shares, any one of such persons may vote at the above meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share will alone be entitled to vote in respect thereof.

3. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's share registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the commencement of the EGM or any adjournment thereof.

4. The register of members of the Company will be closed from Friday, 27 May 2016 to Tuesday, 31 May 2016 (both dates inclusive) during which period no transfer of Shares will be registered, for the purpose of determining the identity of the members of the Company who are entitled to attend and vote at the EGM to be held on Tuesday, 31 May 2016. In order to qualify to attend and vote at the forthcoming EGM of the Company to be held on Tuesday, 31 May 2016, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 26 May 2016.

5. The register of members of the Company will be closed on Monday, 6 June 2016 during which period no transfer of Shares will be registered, for the purpose of determining the identity of the members of the Company who are entitled to the proposed First Special Dividend and Second Special Dividend upon passing of relevant resolutions at the EGM to be held on Tuesday, 31 May 2016. In order to qualify for the proposed First Special Dividend and Second Special Dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Friday, 3 June 2016.

6. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

7. All the proposed resolutions set out in this notice shall be decided by poll.