THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer 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 Ngai Shun Holdings Limited (the "**Company**"), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

VERY SUBSTANTIAL ACQUISITION AND NOTICE OF THE EGM

A notice convening an extraordinary general meeting of the Company to be held on Monday, 23 November 2015 at 11:00 a.m. at Units 4202–03, 42nd Floor, The Center, 99 Queen's Road Central, Hong Kong is set out on pages 109 to 110 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so wish.

6 November 2015

CONTENT

In this circular, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings.

"Acquisition"	the proposed acquisition of the Sale Shares and the Sale Loans by the Company pursuant to the Sale and Purchase Agreement
"associate(s)"	shall have the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and public holidays) on which banks are generally open for business in Hong Kong
"Company"	Ngai Shun Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition pursuant to the Sale and Purchase Agreement
"Completion Date"	the date on which the Completion takes place in accordance with the Sale and Purchase Agreement
"Consideration"	HK$1,000 million, being the consideration payable for the Acquisition
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including issuance of the Promissory Notes
"Enlarged Group"	the Group after completion of the Acquisition
"GAAP"	the Generally Accepted Accounting Principles
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Company"	Mass Spring (Hong Kong) Limited (萬泉(香港)有限公司), a company incorporated in Hong Kong with limited liability
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Latest Practicable Date"	4 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	28 December 2015, or such later date as the parties to the Sale and Purchase Agreement may agree in writing
"PRC"	the People's Republic of China
"PRC Legal Advisor"	Jingtian & Gongcheng
"Promissory Notes"	the promissory notes in the aggregate principal amount of HK$245 million which shall be issued by the Company to the Vendor in payment of the Consideration pursuant to the Sale and Purchase Agreement
"Property Management Company"	岳陽市楓藍物業管理服務有限公司 (Yueyang Shi Feng Lan Property Management Service Limited#), a company incorporated in the PRC with limited liabilities and principally engaged in property management
"Property Project"	a property located in a parcel of land situated on the western shores of 南湖 (Nanhu Lake#), Yueyang, Hunan province, the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement in relation to the Acquisition entered into between the Company and the Vendor on 29 September 2015, as supplemented by the Supplemental Sale and Purchase Agreement
"Sale Loans"	all indebtedness, obligations and liabilities due, owing or incurred by the HK Company to the Vendor
"Sale Share(s)"	100 share(s) of US$1.00 each in the issued share capital of the Target Company, representing 100% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
"Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Supplemental Sale and Purchase Agreement"	the supplemental sale and purchase agreement entered into between the Company and the Vendor on 4 November 2015, to amend certain terms of the Sale and Purchase Agreement
"Target Company"	Double Earn Holdings Limited, a company incorporated in British Virgin Islands with limited liability, with 100 shares being issued and fully paid up as at the date of the Sale and Purchase Agreement
"Target Group"	the Target Company and its subsidiaries
"Third Party Loan"	a loan of US$100 million provided by a third party and to be utilized by the Company to repay part of the Consideration
"US$"	United States dollars
"Valuer"	Savills Valuation and Professional Services Limited, an independent qualified valuer
"Vendor"	Landing International Development Limited, a company incorporated in the Cayman Islands and continued in Bermuda, the shares of which are listed on the main board of the Stock Exchange with stock code of 582
"Yueyang Company"	岳陽南湖美墅置業有限公司 (Yueyang Nanhu Meishu Properties Limited#), a wholly foreign owned enterprise established in PRC with limited liability
"%"	per cent.

The English names of the Chinese entitles are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names prevail.

Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

Executive Directors:
Mr. Mock Wai Yin
Mr. Chu Bai Qing
Mr. Zou Wei Dong

Non-executive Director:
Mr. Chui Kwong Kau

Independent non-executive Directors:
Mr. Lam Chi Wai
Ms. Lau Mei Ying
Ms. Thadani Jyoti Ramesh

Registered office:
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 2102, 21/F
West Tower Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION
AND
NOTICE OF THE EGM

INTRODUCTION

Reference is made to the announcements of the Company dated 29 September 2015 and 4 November 2015 in relation to the Acquisition.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the valuation report on the Property Project; and (v) a notice of the EGM.

SALE AND PURCHASE AGREEMENT

Date

29 September 2015 (as supplemented by the Supplemental Sale and Purchase Agreement on 4 November 2015)

Parties

Purchaser: the Company

Vendor: the Vendor

The Vendor is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, and the shares of the Vendor are listed on the main board of the Stock Exchange with stock code of 582. The Vendor and its subsidiaries are principally engaged in design, manufacturing and sales of the light-emitting diode and semiconductor lighting related products; property development; development and operation of the integrated resort; and casino business. Based on the disclosure of interest as filed on 19 October 2015 on the Stock Exchange, the Board noted that the Vendor is interested in 709,560,000 Shares, representing approximately 2.85% of the issued share capital of the Company. The Vendor is indirectly owned as to 34.46% by Mr. Yang Zhihui. As at the Latest Practicable Date, as informed by the Vendor, it does not hold any Share. Save for the disclosed and the Acquisition, the Vendor has no prior or current business relationships and/or other connections or relationships with the Company, any of the Directors, controlling shareholder (if any) or connected persons of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and Mr. Yang Zhihui are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Assets to be acquired

The assets to be acquired under the Acquisition are (i) the Sale Shares, which represented the entire issued share capital of the Target Company as at the Latest Practicable Date; and (ii) the Sale Loans, which amounted to approximately HK$628 million as at the Latest Practicable Date.

Consideration

The Consideration shall be HK$1,000 million, which has been arrived at after arm's length negotiation between the Company and the Vendor.

The Consideration was determined with reference to (i) the adjusted net assets of the Target Company of approximately HK$762 million as at 31 August 2015 (the "**Preliminary Estimated Value of the Target Group**") which is calculated based on the net liabilities of the Target Company amounted to approximately HK$2 million as at 31 August 2015 and then adjusted for the preliminary valuation of the Property Project in the amount of approximately RMB1,350 million (equivalent to approximately HK$1,620 million) as at

22 September 2015 as appraised by the Valuer on a market approach as if completed; and (ii) the assignment of Sale Loans of approximately HK$628 million. The sum of the Preliminary Estimated Value of the Target Group and the Sale Loans is approximately HK$1,390 million (the "**Preliminary Estimated Value of the Assets Acquired**"), and the Consideration of HK$1,000 million therefore represents a discount of 28.06% to the Preliminary Estimated Value of the Assets Acquired. The Company is of the view that the Preliminary Estimated Value of the Assets Acquired has taken into account the latest fair value of the Property Project, and is therefore a more reasonable assessment on the target assets under the Acquisition. After considering the costs in relation to the Acquisition, including but not limited to the interest expense to finance the Acquisition, the Company considers that the discount of the Consideration to the Preliminary Estimated Value of the Assets Acquired is a favourable factor for the Company to proceed the Acquisition.

Based on the final valuation report as appraised by the Valuer on a market approach and in the existing state as disclosed in Appendix V, the valuation of the Property Project is RMB1,300 million (equivalent to approximately HK$1,560 million) as at 16 October 2015. Then, the adjusted net assets of the Target Company are HK$702 million (the "**Estimated Value of the Target Group**"). The sum of the Estimated Value of the Target Group and the Sale Loan is approximately HK$1,330 million (the "**Estimated Value of the Assets Acquired**"), and the Consideration of HK$1,000 million therefore represents a discount of 24.81% to the Estimated Value of the Assets Acquired.

Upon Completion, the Consideration of HK$1,000 million is to be satisfied by the Company (i) as to HK$755 million in cash and paid as designated by the Vendor; and (ii) as to HK$245 million through issuance of the Promissory Notes at the aggregate principal amount of HK$245 million, to the Vendor or its nominee(s).

As at the Latest Practicable Date, the Company has obtained the Third Party Loan of US$100 million (representing approximately HK$780 million) from an independent third party (the "**Lender**"). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Lender is a subsidiary of a large cross-border financial institution and the principal business of its group companies includes money lending and debt investment in Hong Kong which are third parties independent of the Vendor and its connected persons (as defined under the Listing Rules). The interest rate of the Third Party Loan is 11.5% per annum. Net proceeds of the Third Party Loan of approximately HK$755 million will be utilized to pay the cash portion of the Consideration of HK$755 million upon Completion.

The Company intends to repay the outstanding amount of the Promissory Notes and the Third Party Loan by its internal resources, cash flow to be generated from the Target Group, and, if necessary, equity or debt financing.

Conditions precedent to the Sale and Purchase Agreement

Completion is subject to the following conditions being satisfied (or waived as the case may be) on or before the Long Stop Date:

(i) the Company being reasonably satisfied with due diligence results on the assets, liabilities, operations and business of the Target Group, provided that the Company agrees to complete all relevant due diligence within two months after the date of the Sale and Purchase Agreement and cannot reject the due diligence results unreasonably;

(ii) all necessary licence, permission, consent, approval, authorization, waiver, order and exemption required to be obtained on the part of the Vendor, the Company and the Target Group and (if required) all necessary licence, permission, consent, approval, authorization, waiver, order and exemption from the relevant governmental or regulatory authorities in Hong Kong, the PRC, the Cayman Islands, Bermuda or other third parties in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

(iii) the passing by the Shareholders at the EGM of all necessary resolutions to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, including issuance of the Promissory Notes;

(iv) the Company having obtained a PRC legal opinion in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder from a PRC lawyer appointed by the Company, confirming, among other things, transactions contemplated under the Sale and Purchase Agreement do not violate any law or regulation in the PRC, and are legally enforceable;

(v) there being no material adverse change to the Target Group's financial position, business, assets and liabilities, operation results and prospects prior to Completion; and

(vi) the warranties under the Sale and Purchase Agreement remaining true and accurate and being complied with.

The Company shall have the right to waive in writing any of the conditions (save and except for conditions ((i), (ii) and (iii)) as mentioned above with no material impact on the substance of the Sale and Purchase Agreement. If the aforementioned conditions precedent have not been fulfilled (or, where applicable, waived by the Company in writing) on or before the Long Stop Date, the Company shall not be bound to proceed with the purchase of the Sale Shares and the Sale Loans, and the Sale and Purchase Agreement (other than clauses relating to conditions precedent, announcements, costs and expenses and governing law) shall terminate and of no further effect from the Long Stop Date and, save in respect of any antecedent breaches, all liabilities and obligations of the parties to the Sale and

Purchase Agreement shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Vendor and the Company which shall have accrued prior to such termination.

As at the Latest Practicable Date, none of the conditions as mentioned above is fulfilled or waived, and the Company at present has no intention to waive any of the conditions capable to be waived.

Completion

Upon fulfillment of all the conditions set out above, Completion shall take place on the Completion Date.

The Promissory Notes

Pursuant to the Sale and Purchase Agreement, the Company will issue to the Vendor or its nominee(s) the Promissory Notes in the aggregate principal amount of HK$245 million upon Completion as settlement of part of the Consideration.

The principal terms of the Promissory Notes are summarized as follows:

Principal amount:	HK$245 million
Maturity:	The Promissory Notes will be repaid in one lump sum together with all accrued interest on the day falling 12 month from the date of issue of the Promissory Notes.
Interest:	Interest shall accrue at an interest rate of 15% per annum commencing from the issue of the Promissory Notes.

The interest rate of the Promissory Notes is a commercial term which is determined by the Vendor and the Company on arm's length negotiation, with reference to (i) the prevailing interest rate in the market (such as the actual interest rate required by the Lender for loan, which should be around 13% per annum); (ii) the Promissory Notes requiring no guarantee or security; and (iii) the financial position of the Group. The Vendor and the Company have agreed that the interest of the Promissory Notes should be regarded as an expense for the Company to proceed the Acquisition. The interest expense of the Promissory Notes (i.e. HK$36,750,000, calculated at the principal amount of HK$245 million, interest rate of 15% per annum, and term of 12 months) is less than the difference between the Consideration and the Estimated Value of the Assets Acquired (i.e. HK$330 million, calculated at the Consideration of HK$1,000 million and the Estimated Value of the Assets Acquired of HK$1,330 million). Moreover, the Promissory Notes are a de facto unsecured loan, which is riskier and demands higher return. In light of the above, the Vendor and the Company agreed that the interest rate of 15% per annum is fair and reasonable.

Transferability: The Promissory Notes will be freely transferable or assigned (in integral multiple of HK$1,000,000 or such lesser amount representing the entire outstanding principal amount of the Promissory Notes) to a transferee other than a connected person of the Company, which is subject to the prior written consent of the Company.

Early repayment:

(i) The holder(s) of the Promissory Notes has/have the right to demand repayment of the entire outstanding principal amount of the Promissory Notes upon the occurrence of any events of default as stated in the terms of the Promissory Notes.

(ii) The Promissory Notes can be repaid in whole or in part before the maturity date by the Company at its sole discretion.

Event of default: If any of the following event of default occurs, holder(s) of the Promissory Notes can issue a notice to the Company that the Promissory Notes should be of maturity immediately and in accordance with the Promissory Notes, the then outstanding principal amount of the Promissory Notes together with all the interests accrued thereon should be repaid:

(a) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company, in each case, which would have a material adverse effect on the ability of the Company to perform its obligations under the Promissory Notes;

(b) the Company becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors, in each case, which would have a material adverse effect on the ability of the Company to perform its obligations under the Promissory Notes;

(c) any consent, licence, approval or authorization of any governmental agency of any country or political subdivision thereof required for or in connection with the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of the Promissory Notes is revoked or withheld or materially modified or otherwise ceases to be in full force and effect;

(d) the Promissory Notes or any part thereof cease to be in full force and effect or the validity or enforceability thereof or any part of the debt or any other obligations of the Company under the Promissory Notes is disaffirmed by the Company;

(e) the Company repudiates the Promissory Notes or does or causes to be done any act or thing evidencing an intention to repudiate the Promissory Notes or any action or proceeding of or before any court or authority shall be commenced (and not withdrawn or dismissed within a period of fourteen (14) days after its commencement) to enjoin or restrain the performance of and compliance with any obligations expressed to be assumed by the Company under the Promissory Notes or in any event to question the right and power of the Company to enter into, exercise its rights under and perform and comply with any obligations expressed to be assumed by it under th Promissory Notes or the legality, validity and enforceability of the Promissory Notes;

(f) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Promissory Notes;

(g) a material adverse change has, in the reasonable opinion of a holder of the Promissory Notes, occurred; or an event, fact or matter has occurred or is likely to occur which, in the reasonable opinion of the holder of the Promissory Notes, will or is likely to give rise to a material adverse change;

(h) anything is done or omitted by the Company, or any event or circumstances arises, which in the reasonable opinion of a holder of the Promissory Notes, will or is likely to materially affect the ability of the Company to perform its obligations under the Promissory Notes or otherwise to comply with the terms and conditions of the Promissory Notes;

(i) the Company fails to comply in any material respects with, or does not diligently perform in any material respects any of its duties and obligations under, all applicable laws, rules, codes, regulations, consents, licences, approvals and authorisations; or

(j) an order is made or an effective resolution passed for winding-up of the Company;

(k) the Company defaults in the payment of the principal or interest thereon in respect of the Promissory Notes when and as the same ought to be paid and such default continues for more than 7 days; or

(l) any other debentures, bonds, notes or other instruments of indebtedness or any other loan indebtedness (the "**Financial Indebtedness**") of the Company become prematurely repayable following a default in respect of the terms thereof which shall not have been remedied, or the Company or any of its major subsidiaries defaults in the repayment of the Financial Indebtedness at the maturity thereof or at the expiration of any applicable grace period thereof, or any guarantee of or indemnity in respect of any Financial Indebtedness given by the Company or any of its major subsidiaries shall not be honoured when due and called upon, in each case, which would have a material adverse effect on the ability of the Company to perform its obligations under the Promissory Notes; or

(m) the Company consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation); or

(n) the listing status of the Shares on the Stock Exchange has been, or threatened to be, revoked, cancelled or withdrawn or any event has occurred or is likely to occur which, in the reasonable opinion of the holder of the Promissory Notes will, may or is likely to lead to a revocation, cancellation or withdrawal (temporary or otherwise) of such listing status or a suspension of the trading of the Shares on the Stock Exchange for a period of fourteen (14) consecutive days or more; or

(o) market capitalization (calculated based on the closing price of the Shares on the Stock Exchange) of the Company falls below the latest consolidated net asset value of the Company on 31 March 2015 for more than 10 Business Days; or

(p) any breach of the following financial covenants:

(i) the ratio of consolidated current assets to the consolidated current liabilities of the Group shall not be less than 0.34;

(ii) the ratio of consolidated total borrowings to consolidated tangible net worth of the Group shall not exceed 4; and

(iii) the consolidated tangible net worth shall not be less than HK$300,000,000.

No guarantee or security is required to be provided by the Company to the Vendor in relation to the Promissory Notes. The detailed terms of the Promissory Notes have been disclosed in the Appendix VI — Terms of the Promissory Notes.

INFORMATION ON THE TARGET GROUP

Information on the Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands on 3 August 2012 and is wholly-owned by the Vendor. Save and except for the 100% equity interest in the HK Company, the Target Company has no other material assets and liabilities as at the Latest Practicable Date.

Information on the HK Company

The HK Company is an investment holding company incorporated in Hong Kong on 9 May 2012 and is wholly-owned by the Target Company. Save and except for the 100% equity interest in the Yueyang Company, the HK Company has no other material assets and liabilities as at the Latest Practicable Date.

Information on the Yueyang Company and the Property Management Company

The Yueyang Company is a wholly foreign owned enterprise established in the PRC on 31 December 2008 with limited liability. The Yueyang Company holds the 100% equity interest in the Property Management Company, a company in corporate in the PRC with limited liabilities and principally engaged in property management. The Yueyang Company and the Property Management Company principally engaged in development and operation of the Property Project, which includes a parcel of land situated on the western shore of Nanhu Lake (南湖), Yueyang, Hunan Province, the PRC, and is under development into high-end residential buildings with club houses and parking lots.

The Yueyang Company and the Property Management Company operate under a straightforward business model, which is to (i) build the Property Project and sell its units for sale proceeds; and (ii) provide property management services (such as security and facility maintenance) for a regular fee. Both of the two kinds of income will be recognized as revenue of the Target Group when the titles of the units are transferred or when the property management services are provided. Pre-sale activities do not generate revenue.

The Property Project has (i) a planned site area of approximately 156,403 square meters; (ii) gross floor area of approximately 115,010 square meters; and (iii) 2 development phases and 113 residential units. According to the certificate of land (土地證) provided by the Vendor, the official and exact location of the Property Project is on the western shores of 南湖 (Nanhu Lake#), Yueyang, Hunan province, PRC and is bounded by 湖濱大道 (Hubin Avenue#) to the west, 大壩湖路 (Daqiaohu Lu#) to the south, 濱湖綠地 (Binhu green area#) to the north and 南湖 (Nanhu Lake#) to the east. The Property Project is in the 南湖自然保護區 (Nanhu Natural Reserve Area#) and enjoys advantageous environment. The Property Project overlooks 南湖 (Nanhu Lake#) and leans against 濱湖綠地 (Binhu green area#) which achieves the harmonious coexistence between human and nature.

The Property Project is now being developed into high-end residential buildings with club houses, and parking lots. The layout of residence area is based on Chinese central axis symmetry and combines with the trend of the terrain of 南湖 (Nanhu Lake#). The architecture is modeled on Huizhou architecture elements, imposed with royal park landscape and dotted with modern architecture style, thus achieving a harmonious ancient and modern integration.

The Property Project includes 2 development phases and a total of 113 residential units. The first phase has 48 units, among which 48 units are available for pre-sale and 11 units have been sold as at the Latest Practicable Date. The second phase has 65 units, among which 7 units are available for pre-sale but no unit has been sold as at the Latest Practicable Date. The Property Project has nearly completed its first phase of construction. The first and second phases of the Property Project are expected to be fully completed between the fourth quarter of 2015 and first half of 2016. Apart from the Property Project the Target Group does not have any other development plan or capital commitments as at the Latest Practicable Date.

As at the Latest Practicable Date, the Target Group does not have any significant liability or capital commitment for the Property Project. No material fund is required to be further injected into the Target Group. Future expenses of the Property Project can be financed by sale proceeds of units. The Company expects that the Yueyang Company can be self-financed and thus no further capital contributions are required from the Company for the development of the Property Project.

Senior management of the Yueyang Company and the Property Management Company

The followings set out briefly the biographical details of the management team of the Yueyang Company and the Project Management Company:

Mr. Gong Xiao Xiang ("**Mr. Gong**"), age 43, general manager of the Yueyang Company, joined the Yueyang Company in 2014. Mr Gong holds a degree in Engineering Quality Management from Harbin University of Science and Technology. He has more than 10 years of experience in the property industry and was the chief project manager in various property projects in Beijing, the PRC. Mr. Gong had also worked in various management positions in several property development companies in the PRC.

Mr. Hu Mao Xu ("**Mr. Hu**"), age 32, manager of engineering technology department of the Yueyang Company, joined the Yueyang Company in 2014. Mr. Hu holds a degree of construction engineering from the Anhui University of Architecture. Mr. Hu was the engineering supervisor of Inner Mongolia branch of Beijing Urban Construction Group Co. Ltd. from 2005-2008. Mr. Hu had also worked in various property construction projects in the PRC.

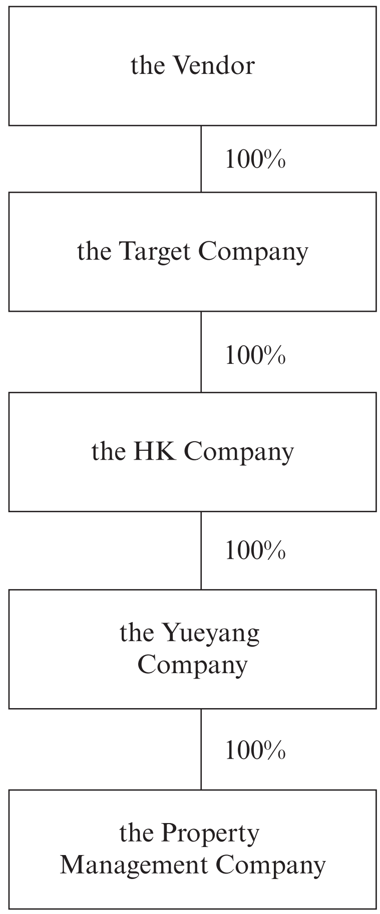
Mr. Chen Hong Jing ("**Mr. Chen**"), age 45, manager of the financial management department of the Yueyang Company, joined the Yueyang Company in 2014. Mr. Chen holds a degree of accounting from the Anhui University of Finance & Economics. He was the financial controller of Golden Sage Holding Group from 2008-2012 in Anhui, the PRC, and had held various financial management positions in several companies in the PRC.

Mr. Qin Xianfu ("**Mr. Qin**"), age 32, manager of the sales and marketing department of the Yueyang Company, joined the Yueyang company in 2012. Mr. Qin has been working in the property sales and marketing field since he graduated from the university. He has extended knowledge in the marketing flow of the property industry and possesses solid interpersonal skill. Since 2007, Mr. Qin has taken up various major roles in the sales and marketing of property projects in the PRC, including the 觀湖苑 (Lake-Viewing Mansion#) project and the 濱湖假日 (LakeShore Holiday#) project located in Hefei, PRC.

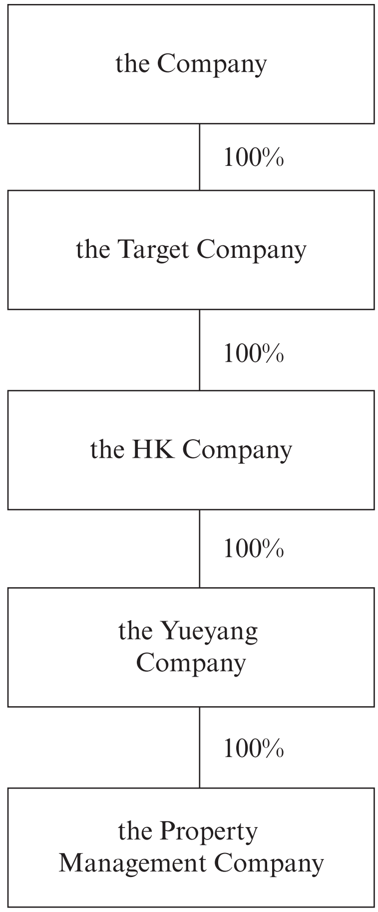
Shareholding Structure of the Target Group

The following charts show the simplified shareholding structure of Target Group (i) as at the Latest Practicable Date; and (ii) immediately after Completion:

(i) As at the Latest Practicable Date:



(ii) Immediately after Completion:



Upon completion of the Acquisition, each of the Target Company, the HK Company, the Yueyang Company and the Property Management Company will become a wholly-owned subsidiary of the Company.

Financial information of the Target Group

The financial information of the Target Group (including its net assets, revenue and profits), which is prepared in accordance with Hong Kong standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and is consistent with the Company, has been disclosed in the Appendix II — Financial Information of the Target Group.

Financial Effects of the Acquisition

Upon completion of the Acquisition, each of the Target Company, the HK Company, the Yueyang Company and the Property Management Company will become a wholly-owned subsidiary of the Company, and their financial results will be consolidated into the financial statements of the Group.

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV — Unaudited Pro Forma Financial Information of the Enlarged Group and assuming the Completion had taken place on 31 March 2015, as a result of the Acquisition (i) the total assets of the Group will increase from HK$544,771,000 to HK$1,188,436,000; (ii) the total liabilities of the Group will increase from HK$223,347,000 to HK$868,659,000; (iii) the total net assets of the Group will decrease from HK$321,424,000 to HK$319,777,000.

Given that the Target Group has not generated revenue at this stage (i) the total revenue of the Group will remain the same; and (ii) the total profits before taxation of the Group will decrease moderately from HK$106,696,000 to HK$97,032,000.

LEGAL AND REGULATORY ENVIRONMENT OF THE TARGET GROUP

This section sets forth a summary of the most significant PRC laws and regulations that affect the property development industry in which the Target Group operate.

Establishment of a Real Estate Development Enterprise

According to the Law of the People's Republic of China on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) (the "**Urban Real Estate Law**") promulgated by the Standing Committee of the National People's Congress (中華人民共和國全國人大常委會) (the "**SCNPC**"), effective on 1 January 1995, amended on 30 August 2007, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (《城市房地產開發經營管理條例》) (the "**Development Regulations**") promulgated and implemented by the State Council on 20 July 1998, Pursuant to the Development Regulations, a developer who aims to establish a real estate development enterprise shall apply for registration with the administration for industry and commerce. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business license.

Pursuant to the Development Regulations, where a foreign-invested enterprise is to be established to engage in the development and sale of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Under the Catalog of Guidance on Foreign Investment Industrial (Revised in 2015) (外商投資產業指導目錄), or the Foreign Investment Catalog, promulgated by MOFCOM and NDRC on 10 March 2015, and enforced on 10 April 2015,

- the construction and operation of villa falls under the category of industries in which foreign investment is prohibited; and
- other real estate developments fall within the category of industries in which foreign investment is permitted.

Subject to the approval by the relevant foreign investment regulatory authorities, a foreign investor intending to engage in the development and sale of real estate in China may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise by the foreign investor in accordance with the PRC laws and regulations governing foreign-invested enterprises.

On 11 July 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, the State Administration for Industry and Commerce of the PRC (the "**SAIC**") and SAFE jointly issued the Circular on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), or the 171 Opinion, which states that, among other things, a foreign entity or individual investing in the PRC property other than for self-use, must apply for the establishment of a foreign investment enterprise ("FIE") in accordance with the applicable PRC laws and can only conduct operations within the authorised business scope. The 171 Opinion attempts to impose additional restrictions on the establishment and operation of a FIE by measures including regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of a FIE or the transfer of its projects and prohibiting the borrowing of money from domestic and foreign lenders where, among other things, the registered capital is not paid up, land use rights are not obtained, or the capital fund is less than 35% of the total investment amount in the intended development project. In addition, the 171 Opinion also limits the ability of certain foreign individuals to purchase residential properties in China.

On 23 May 2007, MOFCOM and SAFE jointly issued the Circular on Further Strengthening and Regulating the Approval and Supervision on Foreign Direct Investment in Real Estate Sector (關於進一步加强、規範外商直接投資房地產業審批和監管的通知), or Circular 50, which states that, among other things, foreign investment in the real estate sector in the PRC relating to high-grade properties should be strictly controlled. According to Circular 50, before applying for the establishment of FIEs, (i) both the land use rights certificates and property ownership certificates should have been obtained or; (ii) contracts for obtaining land use rights and property ownership rights should be entered into. Also, acquisitions of domestic real estate entities and foreign investment in real estate sector in a way of a round-trip investment channel should be strictly regulated, and foreign investors may not bypass approval procedures through changes in actual controlling persons. In addition, existing foreign-invested enterprises need to obtain approval before expanding their business operations into the real estate sector and existing FIEs need to obtain new approval in case they wish to expand their existing real estate business operations. SAFE authorities and banks authorized to conduct foreign exchange business should not effectuate foreign exchange settlements or sales regarding capital account items to those entities failing to file with the MOFCOM or failing to pass the joint annual reviews of foreign-invested enterprises. For those FIEs, which are wrongfully approved by local authorities for their establishment, (i) the MOFCOM will carry out investigation, order punishment and corrections, and (ii) SAFE authorities should not carry out foreign exchange registrations for these entities.

In connection with the filing requirement, on 18 June 2008, the MOFCOM issued the Notice on Properly Archiving the Filings for Foreign Investment in Real Estate Sector (《關於做好外商投資房地產業備案工作的通知》). According to the notice, since 1 July 2008, the MOFCOM entrusts its provincial level branch to review the filing materials with respect to FIREEs and check and confirm the legality, authenticity and accuracy of the materials. The MOFCOM will archive the filing after receiving the archival form duly completed and submitted by the provincial level branches. The notice also requires that the establishment (including the increase of registered capital) of an enterprises with foreign investment must comply with the principle of one project company engaging in one approved real estate project only.

Moreover, on 22 November 2010, the General Office of MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加强外商投資房地產業審批備案管理的通知), which provides that, among other rights, in the case that a real estate enterprise is established within the PRC with oversea capital, it is prohibited to purchase and/or sell real estate properties completed or under construction within the PRC for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management.

Qualification of a Real Estate Developer

Classification of a real estate enterprise' qualification

Under the Development Regulations, a real estate developer must record its establishment with the governing real estate development authorities in the location of the registration authority within 30 days after receiving its Business License. The real estate development authorities shall examine applications for classification of a real estate developer's qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects in compliance with its approved qualification.

Under the Provisions on Administration of Qualifications of Real Estate Developers (《房地產開發企業資質管理規定》) (the "**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction of PRC and implemented on 29 March 2000, a real estate developer shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of real estate without a qualification classification certificate for real estate development. In accordance with the Provisions on Administration of Qualifications, qualifications of an enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower classes shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate developer, after it reports its establishment to the real estate development authority, the latter shall issue the Provisional Qualification Certificate (《暫定資質證書》) to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for 1 year from its issuance while the real estate development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within 1 month before the expiry of the Provisional Qualification Certificate.

Business scope of a real estate developer

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the real estate within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 real estate developer may undertake a real estate development projects throughout the country without any limit on the scale of the project. A real estate developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 sq.m. and the specific scopes of business shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

Development of a real estate project

Commencement of real estate project and regulations with respect to idle land

Pursuant to the Measures on Disposal of Idle Land (《關於土地處置辦法》) promulgated by the MLR on 28 April 1999, "idle land" refers to land granted for use but that is lying idle because the land user failed to commence development and construction before the specified commencement date without the consent of the government that approved the use of the land. The amended Measures on the Disposal of Idle Land, which became effective on 1 July 2012, expanded the definition of idle land to include land lying idle due to government action. When certain land is deemed "idle land", relevant municipal or county land administrative departments) shall inform the land user and prepare a plan for disposing of the idle land. When the land is mortgaged, the mortgagee shall be invited to participate in the preparation of the disposal plan. The methods of disposing of idle land include, among others: (i) extending the development and construction period by a maximum of one year; (ii) changing the use of the land, and continuing development and construction afterward; or (iii) arranging for the temporary use of the land and re-approving the development after the original project satisfies the construction requirements.

The Notice on Strengthening the Disposing of Idle Land (《關於加大限制土地處置力度的通知》) issued by the Ministry of Land Resources on 8 September 2007 emphasizing that the disposal of idle land shall be speeded up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed before the end of 2007.

On 3 January 2008, the State Council promulgated the Circular on Conservation of Intensive Land Use (《關於促進節約集約用地的通知》), as summarized below: (a) Strictly implement the tender, auction and listing-for-sale regime for land intended for industrial and business purposes. Where the land premium is not paid in full according to contractual agreement, the land use rights certificate shall not be issued, nor shall a land use rights certificate be issued on parts of the land in proportion to the paid-up land premium. Strictly prohibit unauthorized conversion of agricultural land to land for construction. (b) With respect to real estate projects (i) commenced one year after the commencement date as stipulated under the land grant contract, (ii) the area of land developed is less than 1/3 of the entire area, and (iii) the investment of less than 1/4 of the investment amount, financial institutions shall be cautious in granting loans and approving financing, and shall not grant loans or offer listing financing to projects engaging in illegal land use.

Planning of a real estate project

On 28 October 2007, the Standing Committee of National People's Congress promulgated the PRC City and Countryside Planning Law (《中華人民共和國城鄉規劃法》), pursuant to which, a construction work planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining the construction work planning permit, a real estate developer shall apply for a construction work commencement permit from the construction authority under the local people's government at the county level or above according to the Measures for the Administration of Construction Permits for Construction Projects (《建設工程施工許可管理辦法》) promulgated by the Ministry of Construction on 15 October 1999 and as amended and implemented respectively on 4 July 2001 and 25 October 2014. The Notice about Strengthening and Regulating the Management of New Projects (《關於加强和規範新開工項目管理的通知》), promulgated by the General Office of the State Council on 17 November 2007, strictly regulates the conditions of commencing investment projects, establishes the linkage mechanism of governmental departments regarding new projects, and strengthens the statistics and information management while intensifying the supervision and inspection of new projects.

According to the Development Regulations, the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by State Council on 30 January 2000, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建設工程和市政基礎設施工程竣工驗收備案管理辦法》), promulgated by the Ministry of Construction on 19 October 2009 and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建設工程和市政基礎設施工程竣工驗收暫行規定》 promulgated by the Ministry of Construction on 30 June 2000, upon completion of the real estate development project, the real estate developer shall submit an application, including the filing form for the Examination Upon Completion of Construction Projects (《工程竣工驗收備案表》), to the control department of real estate development of the local people's government at the county level or above, where the project is located, for examination upon completion of the building and for filing purposes. A real estate project may not be delivered unless it passes the acceptance examination and a completion certificate has been obtained.

The PRC Legal Advisor has agreed with the Vendor's information that the Yueyang Company has obtained all the permits, licenses and certificates vital to the construction and development of the Property Project. Based on the information provided by the Vendor, as at the Latest Practicable Date, the Yueyang Company has obtained all the permits/licenses/certificates vital to the construction and development of the Project Site, namely,《國有土地使用證》(certificate of state-owned land use#),《建設用地規劃許可證》(construction land planning permit#), 《建設工程規劃許可證》 (Construction Works Planning Permit#), 《建築工程施工許可證》 (Construction Permit#) and have obtained《商品房預售許可證》(pre-sale permit#) for the pre-sale of certain units of the Property Project. Save as the certificate of state-owned land use which the expiry date of land for residential use is 20 April 2079 and the expiry date of land for commercial use is 20 April 2049, there is no expiration time for the other certificates relating to the construction and development of the Project Site. After the Acquisition, the transfer of ownership of the Target Company will not affect the validity of the permits, licenses or certificates obtained by the Yueyang Company.

RISK FACTORS IN RELATION TO THE ACQUISITION

Set out below are certain risk factors in relation to the Acquisition:

Completion of the Acquisition is subject to the fulfillment of the conditions precedent as set out in the Sale and Purchase Agreement and there is no assurance that all of the conditions precedent will be fulfilled

Certain conditions involve third parties other than the Company and the Vendor, and the fulfillment of which is not under the control of the parties to the Acquisition. Such conditions precedent include, among other things, obtaining all necessary consents, licenses and approvals. Since fulfillment of such conditions precedent is beyond the control of the parties involved in the Acquisition, there is no assurance that the Acquisition will be completed as intended.

The Group will take up a substantial level of indebtedness to finance the Acquisition, and there may not be adequate cash flow to fulfill the financial obligations of the Group

The Promissory Notes or the Third Party Loan (if materialized) will require the Company to repay the outstanding principal amount together with all accrued interests at maturity. In addition, as the Property Project may require unexpected additional fund injections, and may take months or years before generating cash inflow (if any), the Company may have to conduct equity/debt fund raising activities in the future to finance the Acquisition or operation of the Property Project. As at the Latest Practicable Date, the Company is not aware of any fund injection confirmed or expected to be made by the Company in relation to the Property Project or the Acquisition.

Acts of God, acts of war, epidemics and other disasters may affect the Target Group

The business of the Target Group is subject to general conditions in Yueyang, Hunan Province, the PRC. Natural disasters, epidemics, acts of God and other disasters that are beyond the control of the Target Group may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. The Property Project may be under the threat of flood or earthquake. The business, financial condition and operating results of the Target Group may be materially and adversely affected if any of these natural disasters occurs in the areas in which we operate. Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as living and consumption patterns. Any epidemic occurring in areas in which the Target Group operates, or even in areas in which the Target Group does not operate, may materially and adversely affect its business, financial condition and operating results.

The business and financial performance of the Target Group is dependent on the performance of the property market in the PRC, in particular the city at which the Property Project is located

The business prospects of the Target Group depend on the performance of the property market in the PRC, in particular the city which the Property Project is located (i.e. Yueyang). Any real estate market downturn in the PRC generally or over-supply of properties in Yueyang may materially and adversely affect the business, financial condition and operating results of the Target Group. The real estate market in the PRC is affected by many factors, including but not limited to, changes in the PRC's economic, political, social and legal environment, changes in the PRC Government's fiscal and monetary policy, the lack of a mature and active secondary market for residential and commercial properties in the PRC and consumer spending, all of which are beyond the control of the Target Group. Any aforementioned factors may result in a decline in property sales or property prices nationally or regionally, which may have a material adverse effect on the business, financial condition and operating results of the Target Group.

Increasing competition in Yueyang may adversely affect the business and financial condition of the Target Group

As Yueyang City is in the phase of rapid urbanization, there are a number of real estate projects recently in development and the property market in Yueyang is increasingly competitive. Potential competitors may include major domestic state-owned and private developers in the PRC, as well as developers from Hong Kong and elsewhere in the world. Potential competitors may have greater marketing, financial and technical resources, greater economies of scale, broader name recognition, and more established track records and relationships in certain markets. If the Target Group fails to respond to changes in market conditions quickly and effectively than its competitors, the business, results of operations and financial condition of the Target Group could be adversely affected.

Changes in PRC laws and regulations with respect to property development may materially and adversely affect business performance of the Target Group

There is no assurance that the PRC Government will maintain the existing laws and regulations with respect to property development. Any changes in the relevant laws or regulations may materially and adversely affect the business or financial positions of the Target Group.

The PRC Government may adopt tightening policies to further curtail the overheating of the economy, in particular the property development sector

The PRC Government exerts considerable direct and indirect influence on the PRC property development sector by imposing industry policies and other economic measures, such as control of foreign exchange, taxation, financing available and foreign investment. These measures include imposing additional taxes and levies on property sales, restricting foreign investment in the PRC property sector and restricting domestic individuals to purchase properties in some cities in the PRC. There is no guarantee that the PRC Government will not impose stricter administration on the property development sector. Many of the property industry policies carried out by the PRC Government are unprecedented and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on the operations and future business development of the Target Group. If the Target Group's operations fail to adapt to new policies and regulations that may come into effect from time to time, or such policy changes disrupt the Target Group's business prospects or cause it to incur additional costs, the business, results of operations and financial condition of the Target Group may be materially and adversely affected.

External factors could affect the financial condition and results of the Target Group

Financial condition and results of the Target Group can be impacted by external factors, such as the economy growth rate or interest rate. During periods of lagging economy growth or rising interest rates, the property industry will underperform in general. It is unable to predict the future economy or interest rate fluctuations, any of which could materially and adversely affect our financial condition and results of the Target Group.

A significant decrease in liquidity of the Target Group could negatively affect its business

Although the Company does not expect that significant fund injection is required by the Target Group, maintaining adequate liquidity remains essential to a smooth operation of the Property Project as sales of units are not predictable. When cash generated from the Target Group is not sufficient to meet its daily operation and liquidity requirements, its business, financial condition and results of operation could be materially and adversely affected.

The Company may encounter difficulties in effectively implementing management and supervision of its investment in the Target Group

The Target Group as a whole is self-operated entity in the PRC. The Company as an investor may encounter difficulties in ensuring that the Target Group is effectively and consistently managed within each subsidiary. The Company is not always able to effectively detect or prevent on a timely basis operational or management problems, including fraud, bribery and other misconduct, or ensure that information received is accurate, timely or sufficient. If the Company is unable to effectively implement management and supervision of its investment in the Target Group, its business, results of operations, financial condition and prospects could be materially and adversely affected.

Failure to retain or secure senior management and key qualified personnel could adversely impact the Target Group

As a property developer, the Yueyang Company and the Property Management Company depend, to a large extent, on the experience and skills of its current senior management and key qualified personnel. However, there is no assurance that these persons will continue to work with the Target Group. If it is unable to retain and recruit such key qualified personnel, operation of the Target Group could be materially and adversely affected.

GENERAL INDUSTRY OVERVIEW

Economy of the PRC has been expanding at a high but stable rate. According to the data published by National Bureau of Statistics of the PRC, the gross domestic production of the PRC has increased by 6.9% in the first three quarters of 2015. Such growth rate is a propitious factor that the general economy of the PRC remains expanding and promising. Domestic consumption has recently contributed more and more to growth of the gross domestic production. In the first three quarters of 2015, consumption contributes as to 58.4% of the growth in the gross domestic production, representing a 9.3% increase as compared with the same period of 2014.

Looking into the future, the PRC government is committed to (i) pivoting from investment-led growth in industry and infrastructure toward services and consumption; and (ii) focusing on inciting domestic demand and rebalancing of the economy. One measure that the PRC government takes to incite domestic demand is to lower the interest rate in the PRC. In August 2015, the People's Bank of China announced to cut interest rate. A lower lending or borrowing rate usually leads to more capital resources for a property constructor or developer to initial a property project, and a lower threshold for an individual customer to purchase a house or unit. It is hence expected that such interest cut by the People's Bank of China can boost the property industry in the PRC. As a more supportive government and a more stabilized environment are conducive to the success of a property project, the Company is of the view that the Target Group can seize these opportunities in a blooming property industry in the PRC.

Moreover, the rise of the middle-class in the PRC during the past two decades is phenomenal, and this trend is expected to continue for decades. This is due partly to the prodigious pace of urbanization. Millions of people in the PRC are moving up along the economic ladder, and as they progress, their tastes and requirements will mature. Most city dwellers, especially those who are living in third-tier cities such as Yueyang, will naturally demand an accommodation environment of good tastes and high quality. Such city dwellers are now accumulating wealth, and some of them will sooner or later become customers of high-end properties provided by the Property Project. With the customer base expanding, the Company is therefore positive of the futures of the Target Group.

The growth in the property industry in Yueyang, Hunan Province, the PRC is also a promising factor. According to the data released by the Department of Statistics of Yueyang, the aggregate area under construction is approximately 12 million square meters from January 2015 to August 2015, representing an increase of 12% as compared with the same period of 2014. The sales of commercial units are over RMB770 million from January 2015 to August 2015, representing an increase of 36% as compared with the same period of 2014. The price index for accommodation has increased by 2% when comparing data of August 2015 and August 2014, representing a gentle increase of property price in general. The Company is therefore of the view that the property industry in Yueyang is active and expansive.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company, through its subsidiaries, is principally engaged in the foundation business in Hong Kong as a foundation subcontractor.

Although property investment takes a small percentage in the Group's revenue, the Group has always been engaging in this business segment. For the year ended 31 March 2015, the Group recorded rental income of HK$2.5 million and a gain on disposal of property of HK$9.9 million. As disclosed in the annual report of the Company for the year ended 31 March 2015, the Group plans to seek more opportunities in property investment for this segment to become a significant portion of business of the Group. The Acquisition is in line with the Group's long term development plan and provides an opportunity for the Group to tap into the property market in the PRC and to generate diversified income and additional cash flow for the Group's continuous development. The Company is of the view that the Acquisition is a favourable opportunity as:

(i) The Property Project has nearly completed its first phase of construction, and some of the first phase residential property units available for pre-sale have been contracted. These contracted residential property units are planned for delivery to customers in the near future. Due to its completion level, the Property Project demands less input in its construction or daily operation, and is therefore less risky and appropriate as the Group's first investment in the property industry in the PRC;

(ii) The Property Project is located in Yueyang, a third-tier city of economic prospects and development potential, and is in proximity with the other major facilities within the district. As it is expected that the domestic demand for luxurious residential districts in Yueyang will increase in the future, the Company is positive on sales of the Property Project and believe that it can generate stable sources of recurring diversified income to the Group; and

(iii) The Consideration of HK$1,000 million represents a discount to the Estimated Value of the Assets Acquired.

Notwithstanding the completion level of the Property Project and its independence in operation, the Company intends to rely on its Directors who have relevant experience to monitor or manage its investment in the Target Group, including:

Mr. Chu Bai Qing, an executive Director of the Company, has over 10 years of experience in merchandising and property investment. He has served as the general manager of Anhui Xinhe Yucheng Properties Investment Limited (安徽鑫和御城置業投資有限公司) since October 2010.

Mr. Zou Wei Dong, an executive Director of the Company, has over 10 years of experience in property investment. He has served as the chairman of the board of directors of Anhui Xinhe Yucheng Properties Investment Limited (安徽鑫和御城置業投資有限公司) since October 2010.

Seeking new opportunities in property and security investment has always been a business strategy of the Group, and the Company will keep in a closed contact with potential vendors on possible investment opportunities thereof. As at the Latest Practicable Date, the Company has no intention, negotiation, agreement, arrangement or understanding (concluded or otherwise) about acquisition or injection of any assets or new business, save for the Acquisition. Should any investment materialize, the Company will make an announcement to inform the Shareholders if appropriate. In addition, the Company will conduct a review on its existing foundation business from time to time, and explore strategies to optimize the operation scale of this business segment subject to the prevailing market conditions. As at the Latest Practicable Date, the Company has no intention, negotiation, agreement, arrangement or understanding (concluded or otherwise) about any disposal, scaling-down and/or termination of its existing businesses and/or major operating assets.

In light of the abovementioned, the Directors consider that the Acquisition is on normal commercial terms, and the terms are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be held to consider and, if thought fit, approve by the Shareholders the relevant ordinary resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A notice convening an extraordinary general meeting of the Company to be held on Monday, 23 November 2015 at 11:00 a.m. at Units 4202–03, 42nd Floor, The Center, 99 Queen's Road Central, Hong Kong is set out on pages 109 to 110 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so wish.

RECOMMENDATIONS

The Board believes that the terms of the Sale and Purchase Agreement and transactions contemplated thereunder (including issuance of the Promissory Notes) are fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and transactions contemplated thereunder, including issuance of the Promissory Notes.

ADDITIONAL INFORMATION

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

By order of the Board
Ngai Shun Holdings Limited
Mock Wai Yin
Executive Director and Chairman

1. FINANCIAL SUMMARY

The financial information of the Group for each of the three years ended 31 March 2015 has been disclosed in the Company's 2013, 2014 and 2015 annual report. All the above reports of the Company have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.1246.com.hk).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2015, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following indebtedness:

Borrowings

The Group

At the close of business on 30 September 2015, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had secured bank borrowings of approximately HK$28 million, all of them were secured by personal guarantee of the directors of the subsidiaries of the Group.

The Target Group

At the close of business on 30 September 2015, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Target Group did not have any bank borrowings. The Target Group has the Sale Loans, an interest-free unsecured shareholder's loans of approximately HK$628 million that is repayable on demand, to be assigned to the Company upon Completion.

Contingent liabilities

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

As at 30 September 2015, there were two outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The Directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases and there was no substantial progress as at 30 September 2015..

On 30 October 2014, a summon has been issued to the Group in relation to an offence arising from the incident occurred on 2 May 2014 which involved the Group's failure to ensure that every part of the load, namely THE H-PILE which was to be raised or lowered by the lifting appliance was securely suspended or supported; and adequately secured so as to prevent danger arising to persons or properties as a result of the slipping or displacement of any part of the load. The case is adjourned to 13 July 2015 for part-heard. In the event the Group is convicted, the Group may be subject to an aggregated amount of the maximum possible fines of HK$200,000, which will not be covered by the Group's insurance policies and full provision for the maximum potential fine in the sum of HK$200,000 has been made. The Directors are of the view that this case will not cause any material adverse impact on the Group.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from normal trade payable (unsecured and unguaranteed) and intra-group liabilities, the Enlarged Group did not, as at the close of business on 30 September 2015, have any outstanding mortgages, charges or debentures, loan capital issued, or bank overdrafts, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, or any hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the present financial resources available to the Enlarged Group, including the existing banking and credit facilities and funds internally generated from its business operation, the available financial facilities and also the cash flow impact of the Acquisition, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2015, the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Foundation business

For the Group's foundation business, the Company is of the view that the construction industry in Hong Kong will continue to grow steadily. According to the 2015 Hong Kong Government Policy Address, the Government proposes to continue to invest in infrastructure construction projects in 2015–16. It sets the total housing supply target for the coming decade at 480,000 units. It actively explores ways to increase the supply of subsidised sale flats through organizations including the Hong Kong Housing Authority (HKHA), the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) to provide more choices and opportunities of home ownership to low and middle-income families. It puts up for pre-sale approximately 2,700 Home Ownership Scheme (HOS) flats by the Housing Authority in 2015–16 and about 2,000 and 1,600 subsidised sale flats by HKHA and HKHS respectively in 2016–17. The Government supports the Airport Authority to implement the three-runway system project. It commences discussion on Phase 2 development of Hong Kong Disneyland Resort and considers constructing a new convention centre above the Exhibition Station. In addition, it implements seven new railway projects in phases by 2031 to the Railway Development Strategy 2014.

On the other hand, the construction industry is facing the problem of a severe shortage and ageing of skilled workers. Although the Government and the Construction Industry Council (CIC) have made strenuous efforts in recent years to train local skilled workers and enhance the industry's professional image, and have attracted many new entrants to the industry, the keen demand has yet to be met. If the shortage of skilled workers cannot be properly dealt with, it will seriously affect the implementation of public housing, hospital, school and public transportation projects, and will also indirectly lead to the escalation of construction costs. Facing such challenge, the Company will conduct review on this business segment from time to time to optimize the business scale.

Property investment business

The Group will also involve in property investment in the PRC upon completion of the Acquisition and the Company is positive about the prospects of this new business segment. Economy of the PRC has been expanding at a high but stable rate. Domestic consumption has recently contributed more and more to growth of the gross domestic production. Looking into the future, the PRC government is committed to (i) pivoting from investment-led growth in industry and infrastructure toward services and consumption; and (ii) focusing on inciting domestic demand and rebalancing of the economy. As a more supportive government and a more stabilized environment are conducive to the success of a property project, the Company is of the view that the Target Group can seize these opportunities in a blooming property industry in the PRC.

Moreover, the rise of the middle-class in the PRC during the past two decades is phenomenal, and this trend is expected to continue for decades. This is due partly to the prodigious pace of urbanization. Millions of people in the PRC are moving up along the economic ladder, and as they progress, their tastes and requirements will mature. Most city dwellers, especially those who are living in third-tier cities such as Yueyang, will sooner or later become customers of high-end properties provided by the Property Project. With the customer base expanding, the Company is therefore positive of the futures of the Target Group.

6. MANAGEMENT ANALYSIS AND DISCUSSION

Set out below is the management analysis and discussion on the Group for the three years ended 31 March 2015:

Business review and financial highlights

The Group is principally engaged in the foundation business in Hong Kong as a foundation subcontractor.

For the three years ended 31 March 2015, the Group recorded revenue of HK$356,100,000, HK$486,906,000 and HK$558,150,000, respectively. From 2013 to 2015, the Group's revenue generated from foundation business represented a vast majority of the Group's turnover, which was all derived in Hong Kong. The increase was mainly attributable to the growth of the foundation business, i.e. (i) the rise in general subcontract fee as a result of the shortage of foundation work service providers in the construction industry of Hong Kong; and (ii) the increase in the amount of foundation works completed by the Group.

For the three years ended 31 March 2015, the Group recorded cost of sales of HK$248,827,000, HK$353,509,000 and HK$408,371,000, respectively. Therefore, for three years ended 31 March 2015, the Group recorded gross profits of HK$107,273,000, HK$133,397,000 and HK$149,779,000, respectively. The gross profits margin increased in the year ended 31 March 2014, mainly due to the growth of revenue. However, the gross profit margin slightly decreased for the year ended 31 March 2015, which was mainly because the increase in revenue was slower than the rise in staff cost and subcontracting charges.

For the three years ended 31 March 2015, the Group recorded other income of HK$323,000, HK$5,146,000 and HK$19,258,000, respectively. Such other income includes, among others, interest income, gain on disposal of property, plant and equipment, gain on disposal of investment properties, gain on disposal of a subsidiary, rental income, and property management service income. Such other income takes a small portion in the total income of the Group, comparing with the foundation business.

For the three years ended 31 March 2015, the Group recorded administrative and other operating expenses of HK$31,777,000, HK$47,293,000 and HK$61,155,000, respectively. The general increasing trend of the administrative and other operating expenses is mainly due to the increases in the listing expenses, professional fees, staff costs as well as Directors' emoluments.

Due to the expanding business scale, the Group recorded operating profits of HK$75,819,000, HK$91,250,000 and HK$107,882,000, which demonstrates an increasing trend.

For the three years ended 31 March 2015, the Group recorded finance costs of HK$437,000, HK$1,227,000 and HK$1,186,000, respectively. Such finance costs mainly consist of interest on finance leases, interest on bank and other borrowings and interest on loan from a related company. Such finance costs are required for the Group to maintain a healthy finance structure.

For the three years ended 31 March 2015, the Group recorded profit before income tax of HK$75,382,000, HK$90,023,000 and HK$106,696,000, respectively. For the three years ended 31 March 2015, the Group recorded net profit of HK$62,419,000, HK$73,379,000 and HK$90,562,000, respectively. The increasing trend of the net profits is in line with the expanding business scale.

Financial position

As at 31 March 2013. 31 March 2014 and 31 March 2015, the Group had non-current assets of HK$22,728,000, HK$82,030,000 and HK$104,722,000 respectively. As at 31 March 2013. It consists of property, plant and equipment only which is mostly machinery for daily operation, such as air compressor, drilling rigs, vibrator hammers and automatic grouting stations etc. As at 31 March 2014. there was an addition of investment properties that the Group purchased in Hong Kong, which is expected to bring rental or appreciation value to the Group. As at 31 March 2015, other than the increase in value of property, plant and equipment and investment properties, there was an addition of available-for-sale financial assets mainly consist of the Group's investment in securities.

As at 31 March 2013. 31 March 2014 and 31 March 2015, the Group had current assets of HK$130,955,000, HK$242,134,000 and HK$440,049,000 respectively. As at 31 March 2013 and 31 March 2014 it consists of cash and cash equivalents and trade and other receivables. The increase was due to the placing and initial public offer of the share of the Company and the growth of the foundation business. As at 31 March 2015 there was an addition of financial assets at fair value through profit or loss as result of the Group's investment in securities.

As at 31 March 2013. 31 March 2014 and 31 March 2015, the Group had non-current liabilities of HK$6,830,000, HK$9,253,000 and HK$11,011,000 respectively, which mainly consists of provision for long service payments and deferred taxation. Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of each of the reporting period.

As at 31 March 2013. 31 March 2014 and 31 March 2015, the Group had current liabilities of HK$50,877,000, HK$85,609,000 and HK$212,336,000 respectively. As at 31 March 2013 and 31 March 2014 it was mainly consisted of trade and other payables, borrowings and tax payable. Trade payables principally comprise payables to (i) the suppliers of cement, diesel fuel and machinery spare parts; and (ii) the internally approved subcontractors of the Group. The borrowings include bank borrowing and lease liabilities. The increase is mainly due to the growth of the foundation business. As at 31 March 2015 there was an addition of the loan from a related company amounted to HK$120,000,000. This loan from a related company is due to Excellent Speed Limited ("**Excellent Speed**"). The loan is unsecured, bear interest at 5% per annum and repayable at a date falling twelve months from the drawdown date which shall be automatically extended for a further term of twelve months unless advance notice for not less than one month is given by the lender to the borrower in writing.

Prospects and future plan

The construction industry in Hong Kong is expected continued to grow steadily. According to the 2015 Hong Kong Government Policy Address, the Government proposes to continue to invest in infrastructure construction projects in year 2015–16. It sets the total housing supply target for the coming decade at 480,000 units. It actively explores ways to increase the supply of subsidised sale flats through organisations including the HKHA, HKHS and the URA to provide more choices and opportunities of home ownership to low and middle-income families. The Hong Kong Government puts up for pre-sale of approximately 2,700 Home Ownership Scheme (HOS) flats by the Housing Authority in year 2015–16 and approximately 2,000 and 1,600 subsidised sale flats by HKHA and HKHS respectively in year 2016–17.

In additions, the Hong Kong Government supports the Airport Authority to implement the three-runway system project. It commences the discussions on Phase 2 development of the Hong Kong Disneyland Resort and considers constructing a new convention centre above the Exhibition Station. In addition, it will implement seven new railway projects in phases by 2031 to the Railway Development Strategy 2014.

However, the construction industry is facing the problems of a severe shortage and ageing of skilled workers. Although the Hong Kong Government and the Construction Industry Council have made strenuous efforts in recent years to train local skilled workers and enhance the industry's professional image, and have attracted many new entrants to the industry, the keen demand has yet to be met. If the shortage of skilled workers cannot be properly dealt with, it will seriously affect the implementation of the government policies in relation to public housing, hospital, school and public transportation projects, and will also indirectly lead to the escalation of construction costs.

It has been reported that in recent months the approval progress of infrastructure projects by the Legislative Council and Legco Finance Committee has been extremely slow due to the uncooperative movement by pan-democrats. The budget approval in year 2009–10 was 100% approved while that in year 2013–14, the budget approval was greatly reduced to 44% (Infrastructure Committee) and 68% (Finance Committee) respectively. 23 projects submitted in the year 2012-13 were delayed to the year 2014–15. Average delay in projects is more than six months. In view of the above, the Group expects that the foundation business in public sectors may decrease and the Group shall be conservative in the business prospects of foundation business in the year of 2015–16.

Liquidity and financial resources

As at 31 March 2013, 31 March 2014 and 31 March 2015, the Group had cash and bank deposits of approximately HK$67.2 million, HK$118.6 million and HK$254.8 million respectively. The increase was mainly due to net cash inflow from operating activities and issue of new shares.

For the three years ended 31 March 2015, cash flows from operating activities of the Group are HK$76,951,000, HK$51,269,000 and HK$125,328,000. The fluctuation in cash flow from operating activities was mainly due to the movement of trade and other receivables. Because the foundation business that the Group is engaged in can have a project life of several years, payments from clients can be distributed in a long time scale and therefore lead to a fluctuation in the trade and other receivables.

For the three years ended 31 March 2015, cash flows used in investing activities of the Group are HK$14,101,000, HK$68,304,000 and HK$94,178,000. The general increasing trend of the cash flows used in investing activities is due to the expanding scale of the Group's acquisition activities, such as acquisition of subsidiaries, financial assets or properties.

For the three years ended 31 March 2015, cash flows from/(used in) financing activities of the Group are HK$(18,230,000), HK$68,467,000 and HK$105,023,000. Cash flows from financing activities include proceeds from placing and public offering of shares in the year ended 31 March 2014 or a loan from a related company in the year ended 31 March 2015.

The Group's cash flow mainly comes from its operating and financing activities. On the other hand, as the Group has been increasing its acquisition activities, its cash reserves was generally used to finance this activity.

The gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 17.5%, 11.6% and 41.2% as at 31 March 2013, 31 March 2014 and 31 March 2015 respectively.

Treasury policies

As at 31 March 2013, 31 March 2014 and 31 March 2015, the Group had no specific treasury policies.

Charges on group assets

The total interest-bearing bank borrowings of the Group consisted of bank loans and finance leases in a sum of approximately HK$26.6 million as at 31 March 2014 as compared to HK$16.8 million as at 31 March 2013. As at 31 March 2014, bank loans and finance leases facilities were approximately HK$22.0 million and HK$4.6 million respectively (2013: HK$13.3 million and HK$3.5 million). Finance leases facilities were secured by the Group's plant and machinery with an aggregated net book value of approximately HK$6.0 million and HK$6.2 million as at 31 March 2014 and 2013 respectively.

The total interest-bearing borrowings of the Group consisted of loans from a related company, bank loans and finance leases in a sum of approximately HK$132.3 million as at 31 March 2015. As at 31 March 2015, loans from a related company, bank loans and finance leases facilities were approximately HK$120 million, HK$12.0 million and HK$0.3 million respectively. Finance leases facilities were secured by the Group's plant and machineries with an aggregated net book value of approximately HK$2.8 million as at 31 March 2015.

Capital commitment

The Group's capital commitments outstanding as at 31 March 2013, 31 March 2014 and 31 March 2015 were HK$300,000, HK$0 and HK$2,760,000 respectively which were payment for property, plant and equipment, which is contracted but not provided for.

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals. As at 31 March 2013, 31 March 2014 and 31 March 2015, the Group has future aggregate minimum lease payments under non-cancellable operating leases of HK$1,352,000, HK$958,000 and HK$3,988,000 respectively.

Hedging arrangement

As at 31 March 2013, 31 March 2014 and 31 March 2015, the Group did not enter into any financial instruments for hedging purposes.

Material acquisition and disposal

On 22 January 2014, the Group entered into a sales and purchase agreement with, among others, Rosy Lane Investments Limited to acquire the entire issued share capital of Achieved Success Company Limited ("**Achieved Success**") for a consideration of HK$35.4 million, subject to adjustment. Achieved Success and its subsidiary have upon completion become subsidiaries of the Company. The main assets of Achieved Success and its subsidiary are two rental properties which are office premises located in Champion Building, Hong Kong with a market value of HK$37.3 million as at 31 March 2014. The consideration of approximately HK$35.4 million was fully funded by cash generated from operating profit and reserves. This acquisition constituted a discloseable transaction of the Company under the Listing Rules subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 22 January 2014.

On 22 May 2014, the Group entered into a sale and purchase agreement with, among others, Absolutely Talent Technology Limited to acquire the entire issued share capital of Funa Assets Limited ("**Funa Assets**") at a consideration of HK$39.0 million, which was on completion adjusted to HK$38.7 million according to the terms of the sale and purchase agreement. Funa Assets has upon completion become a subsidiary of the Company. The main assets of Funa Assets are rental properties located in Hip Wo Street, Kwun Tong. The consideration was fully funded by cash generated from operating profit and reserves. This acquisition constituted a discloseable transaction of the Company under the Listing Rules and is therefore, subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 22 May 2014.

On 23 January 2015, the Group entered into a provisional sale and purchase agreement with World Mate Investment Limited, an independent third party, to dispose of the rental properties disclosed in the announcement of the Company dated 22 May 2014 at a consideration of HK$50.0 million. We recorded HK$9.9 million of gain on disposal of properties, being the difference between the consideration and the book value of the properties, net of commission and other related expenses as at completion date on 20 March 2015. The disposal of rental properties took place on 20 March 2015. The said disposal constituted a discloseable transaction of the Company under the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 23 January 2015.

Save as disclosed above, the Group had no other material acquisition and/or disposal of subsidiaries and properties for the three years ended 31 March 2015.

Segment information

For the three years ended 31 March 2015, revenue of the Group mainly came from the segment of foundation business. The Group has also engaged in other business segments, including property investment and management and securities investment, which took a small portion in the total income of the Group.

Foreign exchange exposures

The Group mainly operates in Hong Kong and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

Contingent liability

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

As at 31 March 2013, there was an outstanding personal injury case made against the Group. The claim was related to an employee of the Group who alleged to have suffered from bodily injury during his course of employment in the Group's construction sites. The claim is dealt with and handled by the insurer and is covered by mandatory insurance. The directors of the Company assessed the case and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the case in the Financial Information.

Further, as at 31 March 2013, a charge was laid by the Government of the Hong Kong Special Administrative Region to the Group in relation to an accident which occurred on 14 August 2012 alleging the Group's failure to ensure a power-driver lifting appliance, namely a pile driver, was not used for raising, lowering or carrying persons other than in accordance with Regulation 18B(1) of the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear). Regulations, which was in breach of Regulations 18B(2) and 19 of the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations. Ngai Shun has pleaded not guilty to the offence and the case is adjourned to 18 October 2013 for part heard. In the event the Group is convicted, the Group may be subject to a fine at a maximum amount of HK$200,000 which will not be covered by the Group's insurance policies.

As at 31 March 2014, there were two outstanding cases for employees' compensation and personal injuries claims, respectively against the Group by the employees of the Group. The claims were related to employees of the Group who alleged to have suffered from bodily injuries during their course of employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors of the Company assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

On 6 June 2013, summonses have been issued to Group in relation to eight offences arising from the incident occurred on 7 December 2012 which involved a piece of lifting appliance located in a construction site. No injury has been involved in this incident. The case is adjourned to 24 July 2014 for part heard. In the event the Group is convicted, the Group may be subject to an aggregated amount of the maximum possible fines of HK$1,000,000, which will not be covered by the Group's insurance policies. The directors of the Company are of the view that this case will not cause any material adverse impact on the Group. Based on their past experience from the similar cases occurred before, provision of HK$200,000 has been made as at 31 March 2014 as the Group has taken a conservative and prudent approach.

As at 31 March 2015, there were two outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

On 30 October 2014, a summon has been issued to the Group in relation to an offence arising from the incident occurred on 2 May 2014 which involved the Group failure to ensure that every part of the load, namely THE H-PILE which was to be raised or lowered by the lifting appliance was securely suspended or supported; and adequately secured so as to prevent danger arising to persons or properties as a result of the slipping or displacement of any part of the load. The case is adjourned to 13 July 2015 for part-heard. In the event the Group is convicted, the Group's may be subject to an aggregated amount of the maximum possible fines of HK$200,000, which will not be covered by the Group's insurance policies and full provision for the maximum potential fine in the sum of HK$200,000 has been made. The directors are of the view that this case will not cause any material adverse impact on the Group.

Save as disclosed above, the Group had no significant contingent liabilities as at 31 March 2013, 31 March 2014 and 31 March 2015.

Employee and remuneration policy

The Group had approximately 190, 265 and 252 employees as at 31 March 2013, 31 March 2014 and 31 March 2015 respectively. The total remuneration of employees for the Reporting Period amounted to approximately HK$72.2 million, HK$96.4 million and HK$129.7 million respectively. Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

The following is the text of a report on the Target Group received from the Company's reporting accountant, Zenith Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

诚丰 Zenith

ZENITH CPA LIMITED
誠豐會計師事務所有限公司
10/F, China Hong Kong Tower
8-12 Hennessy Road
Wanchai, Hong Kong
香港灣仔軒尼詩道8-12號
中港大廈10樓

6 November 2015

The Board of Directors
Ngai Shun Holdings Limited
Unit 2102, 21st Floor
West Tower Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

Dear Sirs

We set out below our report on the financial information regarding to Double Earn Holdings Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") which comprises the consolidated statements of financial position of the Target Group as at 31 December 2012, 2013 and 2014 and 30 June 2015, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the period from 3 August 2012 to 31 December 2012 and each of the years ended 31 December 2013 and 2014 and the six month period ended 30 June 2015 (the "Relevant Periods"), together with the notes thereto (the "Financial Information"), for inclusion in the circular of Ngai Shun Holdings Limited (the "Company") to its shareholders dated 6 November 2015 in connection with the acquisition by the Company of 100% equity interests of the Target Company and the loan due from the Target Group to Landing International Development Limited ("Landing"), the vendor (the "Circular").

The Target Company was incorporated in the British Virgin Islands (the "BVI") with limited liability on 3 August 2012 and is principally engaged in investment holding. The Target Group is principally engaged in the property development in Mainland China. The Target Company and its subsidiaries adopted 31 December as its financial year end date.

No audited statutory financial statements of the Target Company have been prepared since its date of incorporation as it was incorporated in the BVI where there is no statutory audit requirement.

The audited statutory financial statements of the Mass Spring (Hong Kong) Limited ("Mass Spring"), where were established in Hong Kong, for the period from its respective date of establishment to 31 December 2013 and year ended 31 December 2014 was audited by Zenith CPA Limited and prepared in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The audited statutory financial statements of the Target Company's indirect subsidiaries, which were established in the People's Republic of China (the "PRC"), for the period from their respective date of establishment to 31 December 2013 and year ended 31 December 2014 were audited by Hunan Gongzhong Certified Public Accountants Company Limited and prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance in the PRC.

At the end of each reporting period and at the date of this report, the Target Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation/operations	Issued and fully paid/registered capital at the date of this report	Percentage of attributable equity interests held by the Target Company: 31 December 2012	31 December 2013	31 December 2014	30 June 2015	At date of this report	Principal activities
Direct subsidiary								
Mass Spring	Hong Kong/9 May 2012	Hong Kong Dollars ("HK$") 10,000	N/A	100%	100%	100%	100%	Investment holding
Indirect subsidiaries								
Yueyang Nanhu Meishu Properties Limited* 岳陽南湖美墅置業有限公司 ("Yueyang Nanhu")	PRC/6 January 2009	Renminbi ("RMB") 306,000,000	N/A	100%	100%	100%	100%	Property development
Yueyang Shi Feng Lan Property Management Service Limited* 岳陽市楓藍物業管理服務有限公司 ("Yueyang Shi Feng Lan")	PRC/13 November 2013	RMB500,000	N/A	100%	100%	100%	100%	Property management

* *The unofficial English translations of Chinese names are for identification purpose only.*

For the purpose of this report, the director of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Target Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustment was considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the director of the Target Company who approved their issue. The directors of the Company is also responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion, based on our examination and review, on the Financial Information, and to report our opinion to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial positions of the Target Group as at 31 December 2012, 2013 and 2014 and 30 June 2015, and of its financial performance and cash flows for the Relevant Periods in accordance with HKFRSs.

Comparative Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Target Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2014, together with the explanatory information thereon (the "June 2014 Comparative Financial Information"), for which the director of the Target Company is responsible, in accordance with Hong Kong Standard on Review Engagement 2400 (Revised) "Engagements to Review Historical Financial Statements" issued by the HKICPA.

The director of the Target Company is responsible for the preparation and presentation of the June 2014 Comparative Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the June 2014 Comparative Financial Information based on our review.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the June 2014 Comparative Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the June 2014 Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Underlying Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 3 August 2012 to 31 December 2012 HK$'000	Year ended 31 December 2013 HK$'000	Year ended 31 December 2014 HK$'000	Six months ended 30 June 2014 HK$'000 (Unaudited)	Six months ended 30 June 2015 HK$'000
REVENUE	5	—	—	—	—	—
Other income and gains net	6	—	37,658	442	163	49
Distribution and selling expenses		—	(1,011)	(2,586)	(1,679)	(2,980)
Administrative expenses		(7)	(2,590)	(5,873)	(8,660)	(2,515)
Finance costs	7	—	(3,232)	—	—	—
(LOSS)/PROFIT BEFORE TAX	8	(7)	30,825	(8,017)	(10,176)	(5,446)
Income tax expense	9	—	—	—	—	—
(LOSS)/PROFIT FOR THE PERIOD/YEAR		(7)	30,825	(8,017)	(10,176)	(5,446)
OTHER COMPREHENSIVE (LOSS)/INCOME						
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods:						
Exchange difference of translation of foreign operations		—	(2,654)	(1,002)	(1,927)	1,548
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR		(7)	28,171	(9,019)	(12,103)	(3,898)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2012	2013	2014	2015
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	12	—	796	722	806
CURRENT ASSETS					
Properties under development	13	—	229,834	468,053	561,218
Other receivables, deposits and prepayments	15	—	2,981	19,382	36,140
Restricted cash	16	—	—	10,658	19,315
Cash and cash equivalents	16	—	47,766	7,850	6,356
Total current assets		—	280,581	505,943	623,029
CURRENT LIABILITIES					
Trade and other payables	17	—	37,590	147,954	224,417
Due to a shareholder	18	6	87,542	339,565	384,170
Due to a related company	19	—	128,080	—	—
Total current liabilities		6	253,212	487,519	608,587
NET CURRENT (LIABILITIES)/ASSETS		(6)	27,369	18,424	14,442
Net (liabilities)/assets		(6)	28,165	19,146	15,248
EQUITY					
Equity attributable to owners of the parent					
Issued capital	20	1	1	1	1
Other reserves		(7)	28,164	19,145	15,247
(Deficiency in assets)/total equity		(6)	28,165	19,146	15,248

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Exchange fluctuation reserve	(Accumulated losses)/ retained profit	(Deficiency in asset)/ total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 3 August 2012	—	—	—	—
Issue of shares *(note 20)*	1	—	—	1
Loss for the period and total comprehensive loss for the period	—	—	(7)	(7)
At 31 December 2012 and 1 January 2013	1	—*	(7)*	(6)
Profit for the year	—	—	30,825	30,825
Other comprehensive loss for the year:				
Exchange differences on translation of foreign operations	—	(2,654)	—	(2,654)
Total comprehensive (loss)/income for the year	—	(2,654)	30,825	28,171
At 31 December 2013 and 1 January 2014	1	(2,654)*	30,818*	28,165
Loss for the year	—	—	(8,017)	(8,017)
Other comprehensive loss for the year:				
Exchange differences on translation of foreign operations	—	(1,002)	—	(1,002)
Total comprehensive loss for the year	—	(1,002)	(8,017)	(9,019)
At 31 December 2014 and 1 January 2015	1	(3,656)*	22,801*	19,146
Loss for the period	—	—	(5,446)	(5,446)
Other comprehensive income for the period:				
Exchange differences on translation of foreign operations	—	1,548	—	1,548
Total comprehensive income/(loss) for the period	—	1,548	(5,446)	(3,898)
At 30 June 2015	1	(2,108)*	17,355*	15,248

* These reserve accounts comprise the consolidated other reserves of approximately HK$7,000, HK$28,164,000, HK$19,145,000 and HK$15,247,000 as at 31 December 2012, 2013, 2014 and 30 June 2015, respectively, in the consolidated statements of financial position.

	Share capital	Exchange fluctuation reserve	(Accumulated losses)/ retained profits	(Deficiency in asset)/ total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2014				
At 1 January 2014	1	(2,654)	30,818	28,165
Loss for the period	—	—	(10,176)	(10,176)
Other comprehensive loss for the period:				
Exchange differences on translation of foreign operations	—	(1,927)	—	(1,927)
Total comprehensive loss for the period	—	(1,927)	(10,176)	(12,103)
At 30 June 2014 (unaudited)	1	(4,581)	20,642	16,062

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax		(7)	30,825	(8,017)	(10,176)	(5,446)
Adjustments for:						
Interest income		—	—	(353)	(137)	(49)
Impairment of trade and other receivables, net	8	—	238	—	—	—
Depreciation of property, plant and equipment	8	—	382	385	178	192
Gain on disposal of items of property, plant and equipment	6	—	—	(26)	(26)	—
		(7)	31,445	(8,011)	(10,161)	(5,303)
Increase in properties under development		—	(97,843)	(227,917)	(25,755)	(93,165)
Decrease/(increase) in trade and other receivables		—	6,585	(16,401)	(36,025)	(16,758)
(Decrease)/increase in trade and other payables		—	(17,570)	110,364	56,058	76,463
Increase in restricted cash		—	—	(10,658)	(10,642)	(8,657)
Increase in amount due to a shareholder		6	22	252,023	12	44,605
Cash generated from/(used in) operations		6	(77,361)	99,400	(26,513)	(2,815)
Interest received		—	—	353	137	49
Net cash flows from/(used in) operating activities		6	(77,361)	99,753	(26,376)	(2,766)

		Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of items of property, plant and equipment		—	(359)	(344)	(156)	(274)
Proceeds from disposal of items of property, plant and equipment		—	—	49	49	—
Net cash inflow from acquisition of assets and liabilities	21	—	337	—	—	—
Net cash flows used in investing activities		—	(22)	(295)	(107)	(274)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceed from issue of share		1	—	—	—	—
Loan from a shareholder		—	361,499	—	—	—
Repayment of loan from a shareholder		—	(361,499)	—	—	—
Loan from a related company		—	128,080	—	—	—
Repayment of loan from a related company		—	—	(126,079)	—	—
Interest paid		—	(214)	(10,302)	(8,296)	—
Net cash flows from/(used in) financing activities		1	127,866	(136,381)	(8,296)	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		—	50,483	(36,923)	(34,779)	(3,040)
Cash and cash equivalents at beginning of year		—	—	47,766	47,766	7,850
Effect of foreign exchange rate changes, net		—	(2,717)	(2,993)	(4,076)	1,546
CASH AND CASH EQUIVALENTS AT END OF THE YEAR AND REPRESENTED BY CASH AND BANK BALANCES		—	47,766	7,850	8,911	6,356

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company is a limited company incorporated in the BVI on 3 August 2012. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The principal place of business of the Target Company is located at Suites 5801–5804, 58/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The Target Group is principally engaged in the property development in Mainland China.

The functional currency of the Target Company is HK$ and the Financial Information and the June 2014 Comparative Financial Information are presented in HK$ and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION

These Financial Information have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. These Financial Information have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Target Company and its subsidiaries (collectively referred to as the "Target Group"), A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Target Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Target Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Target Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has consistently applied all relevant HKFRSs issued by the HKICPA which are effective for the Target Group's accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	*Amendments to a number of HKFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Target Group

The director anticipates that the application of these new and revised HKFRSs will have no material impact on the results and the financial position of the Target Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Target 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 over the Target Group;
- (ii) has significant influence over the Target Group; or
- (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

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

- (i) the entity and the Target Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Target Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (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).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furnitures, fixtures and office equipment	20% to 50%
Motor vehicles	25% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

Where the Target Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Financial instruments

(a) Financial assets

The Target Group's financial assets include other receivables and deposits, cash and cash equivalents and restricted cash are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Target Group will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(b) Financial liabilities

The Target Group's financial liabilities include amounts due to a related company and a shareholder and trade and other payables and deposits. Financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expired.

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, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and the revenue can be reliably measured. Interest income is recognised using the effective interest rate method.

Employee benefits

The employees of the Target Group's subsidiaries which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain 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.

Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowing costs

Borrowing costs directly attributable to construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Target Company's functional and presentation currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Target Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Target Group based on management's best estimate.

When developing properties, the Target Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Impairment of other receivables

The Target Group makes impairment of other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the debtors and the current market condition. The director of the Target Company reassesses the impairment at the end of each reporting period.

4. OPERATING SEGMENT INFORMATION

No operating segment or geographical information is presented as the Target Group operated in one single segment during the Relevant Periods and most of its assets and liabilities as at the end of the Relevant Periods were located in Mainland China.

5. REVENUE

The Target Group did not earn revenue during the Relevant Periods.

6. OTHER INCOME AND GAINS

	Period from 3 August 2012 to 31 December	Year ended 31 December		Six months ended 30 June	
	2012	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Bank interest income	—	—	353	137	49
Gain on disposal of items of property, plant and equipment	—	—	26	26	—
Others	—	37,658	63	—	—
	—	37,658	442	163	49

7. FINANCE COSTS

	Period from 3 August 2012 to 31 December	Year ended 31 December		Six months ended 30 June	
	2012	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest on amounts due to a related company	—	3,446	10,302	8,296	—
Less: Interest capitalised	—	(214)	(10,302)	(8,296)	—
	—	3,232	—	—	—

8. (LOSS)/PROFIT BEFORE TAX

The Target Group's (loss)/profit before tax is arrived at after charging:

	Period from 3 August 2012 to 31 December	Year ended 31 December		Six months ended 30 June	
	2012	2013	2014	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Auditor's remuneration	—	—	10	—	—
Depreciation *(note 12)*	—	382	385	178	192
Minimum lease payments under operating leases of land and buildings	—	52	145	103	—
Impairment of other receivables*	—	238	—	—	—
Director's and chief executive's remuneration	—	—	—	—	—
Employee benefits expenses (excluding director's remuneration):					
Wages and salaries	—	5,045	5,629	2,747	3,953
Pension scheme contributions	—	388	327	371	192
Less: Amount capitalised	—	(3,855)	(2,511)	(1,197)	(2,339)
	—	1,578	3,445	1,921	1,806

* *Included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.*

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax had been made during the Relevant Periods as the Target Group did not generate any assessable profits arising in Hong Kong. Subsidiaries established in the PRC are subject to the PRC Corporate Income Tax at the standard rate of 25%.

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate to the tax expense is as follows:

	Period from 3 August 2012 to 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Six months ended 30 June 2014	Six months ended 30 June 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(Loss)/profit before tax	(7)	30,825	(8,017)	(10,176)	(5,446)
Tax at the statutory tax rate of 16.5%	(1)	5,086	(1,323)	(1,679)	(899)
Difference in tax rates of subsidiaries operating in other jurisdiction	—	2,621	(679)	(864)	(460)
Income not subject to tax	—	(9,414)	(110)	(41)	(12)
Expenses not deductible for tax	1	1,707	2,112	2,584	1,371
Tax expense	—	—	—	—	—

10. DIVIDEND

No dividend was paid or declared by the director of the Target Company during the Relevant Periods.

11. EARNINGS PER SHARE

Earnings per share information is not presented as it inclusion, for the purpose of this report, is not considered meaningful.

12. PROPERTY, PLANT AND EQUIPMENT

	Furnitures, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:	—	—	—
Acquisition of assets and liabilities	694	913	1,607
Additions	359	—	359
Exchange realignment	35	28	63
At 31 December 2013	1,088	941	2,029
Additions	344	—	344
Disposals/write-off	(14)	(379)	(393)
Exchange realignment	(7)	(3)	(10)
At 31 December 2014	1,411	559	1,970
Additions	229	45	274
Exchange realignment	1	1	2
At 30 June 2015	1,641	605	2,246
Accumulated depreciation and impairment:			
Acquisition of assets and liabilities	305	546	851
Depreciation provided during the year	234	148	382
At 31 December 2013	539	694	1,233
Depreciation provided during the year	254	131	385
Disposals/write-off	(10)	(360)	(370)
At 31 December 2014	783	465	1,248
Depreciation provided during the period	142	50	192
At 30 June 2015	925	515	1,440
Net carrying amount:			
At 31 December 2012	—	—	—
At 31 December 2013	549	247	796
At 31 December 2014	628	94	722
At 30 June 2015	716	90	806

13. PROPERTIES UNDER DEVELOPMENT

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property under development, at cost	—	229,834	468,053	561,218

The analysis of carrying value of land included in properties for or under development is as follow:

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mainland China				
Long-term lease — leases of over 50 years	—	84,540	90,094	90,442

At 31 December 2013, the Target Group's properties under development with a net carrying value of approximately HK$229,834,000 was pledged to secure the amount due to a related company (note 19).

14. PREPAID LEASE PAYMENTS

	HK$'000
Acquisition of assets and liabilities *(note 21)*	131,777
Transfer to properties under development	(131,777)
At 31 December 2013	—

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other receivables	—	2,559	16,440	21,888
Prepayments	—	392	2,917	14,252
Deposits	—	30	25	—
	—	2,981	19,382	36,140

None of the other receivables, prepayments and deposits is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no history of default.

16. CASH AND CASH EQUIVALENTS

As at 31 December 2012, 2013 and 2014 and 30 June 2015, the cash and bank balances of the Target Group denominated in RMB amounted to approximately nil, HK$47,766,000, HK$7,844,000 and HK$6,351,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Pursuant to relevant regulations in the PRC, the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from relevant local government authorities is obtained. As at 31 December 2012, 2013, 2014 and 30 June 2015, such guarantee deposits amounted to approximately nil, nil, HK$10,658,000 and HK$19,315,000, respectively.

17. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables due to third parties	—	29,202	12,301	8,907
Accruals	—	—	52	32
Deposits received	—	5,119	135,221	215,472
Other payables	—	3,269	380	6
	—	37,590	147,954	224,417

An aged analysis of the Target Group's trade payables at the end of each reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	—	—	11,089	2,299
1 to 2 months	—	—	277	637
2 to 3 months	—	29,202	—	805
Over 3 months	—	—	935	5,166
	—	29,202	12,301	8,907

The trade payables are unsecured, non-interest-bearing and are normally settled with credit periods ranging from 30 to 90 days.

18. DUE TO A SHAREHOLDER

The amount due to a shareholder was unsecured, interest-free and repayable on demand.

19. DUE TO A RELATED COMPANY

The amount due to a related company, Anhui Landing Holding Group Limited (the "Anhui Landing"), which was controlled by Mr. Yang Zhihui, the chairman and an executive director of Landing.

The amount was secured by the Target Group's properties under development with a carrying amount of approximately HK$229,834,000 (note 13), bore interest at fixed rate of 13% per annum and was fully repaid during the year ended 31 December 2014.

20. SHARE CAPITAL

	HK$'000
Authorised, issued and fully paid:	
100 ordinary shares on 3 August 2012 (date of incorporation), 31 December 2012, 2013 and 2014 and 30 June 2015 *(note)*	1

Note: The Target Company was incorporated on 3 August 2012 with an authorised share capital of US$100 (equivalent to HK$780) into 100 ordinary shares of US$1 each, of which 100 shares were issued at par on the same date.

21. ACQUISITION OF ASSETS AND LIABILITIES

On 2 January 2013, the Target Company acquired 100% equity interest in Mass Spring and its subsidiaries ("Mass Spring Group") from Mr Liu Pao Chuan, an independent third party, are engaged in property development in Mainland China. At the time of acquisition, Mass Spring Group had not actively engaged in any business and accordingly, in the opinion of the director of Target Company, the acquisition of the Mass Spring Group does not constitute a business combination but an acquisition of assets and liabilities.

For accounting purpose, the cost of acquisition of HK$10,000 has been allocated to the following identifiable assets and liabilities of the Mass Spring Group as at the date of acquisition as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	756
Prepaid lease payments *(note 14)*	131,777
Prepayments, deposits and other receivables	9,804
Cash and bank balances	347
Due to a shareholder	(87,514)
Other payables	(55,160)
Total identifiable net assets acquired	10
Satisfied by:	
Cash	10
Analysis of cash flows in respect of Mass Spring Group is as follows:	
Bank balances and cash acquired with the subsidiaries	347
Cash paid	(10)
Net inflow of cash and cash equivalents included in cash flows used in investing activities	337

22. OPERATING LEASE ARRANGEMENTS

The Target Group leases certain of its office properties are negotiated for terms of one year as at 31 December 2013 and 2014. As at 31 December 2013 and 2014, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	—	72	12	—

23. COMMITMENTS

In addition to the operating lease commitments detailed in note 22 above, the Target Group had the following capital commitments at the end of the reporting period:

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for:				
Properties being developed by the Target Group for sale	—	484,984	366,300	365,468

24. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 December 2013, the Target Group was granted a loan of RMB100,000,000 (equivalent to approximately HK$123,273,000) from Anhui Landing, a related company of the Target Group. The loan bore an interest at the rate of 13% per annum. Approximately HK$9,717,000 of interest expense was charged by Anhui Landing during the year ended 31 December 2014 (2013: HK$3,228,000). The loan and its accrued interest have been fully settled during the year ended 31 December 2014.

(b) In the opinion of the management, the director of the Target Company represented the key management personnel of the Target Group. During the Relevant Periods no compensation was paid to key management personnel.

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each reporting period are as follows:

Financial assets

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans and receivable:				
Other receivables and deposits	—	2,589	16,465	21,888
Restricted cash	—	—	10,658	19,315
Cash and cash equivalents	—	47,766	7,850	6,356
	—	50,355	34,973	47,559

Financial liabilities

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities at amortised cost:				
Trade and other payables and deposits	—	37,590	147,902	224,385
Due to a shareholder	6	87,542	339,565	384,170
Due to a related company	—	128,080	—	—
	6	253,212	487,467	608,555

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Risk Management

The Target Group manages its capital to ensure that entities in the Target 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 Target Group's overall strategy remains unchanged.

The capital structure of the Target Group consists of debt balance and equity balance. Debt balance consists of amounts due to a shareholder and a related company. Equity balance consists of equity attributable to owners of the Target Company, comprising issued share capital and reserves.

The director of the Target Company reviews the capital structure on an on-going annual basis. As part of this review, the director considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the director, the Target Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt.

The Target Group's major financial instruments include other receivables, deposits and prepayments, cash and bank balances, trade and other payables, amounts due to a shareholder and a related company.

The main risks arising from the Target Group's financial instruments are credit risk and liquidity risk. The Target Group does not have any written risk management policies and guidelines. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

The maximum exposure to credit risk by the Target Group which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to manage its credit risk, management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Group reviews the recoverable amount of individual debt on an ongoing basis to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on liquid funds of the Target Group is limited because the counterparties are banks with good reputation.

Liquidity risk

In management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Target Group's operations and mitigates the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its financial liabilities based on the undiscounted cash flows of the financial liabilities as well as the earliest date on which the Target Group can be required to pay.

	On demand	1 to 3 months	Total
	HK$'000	*HK$'000*	*HK$'000*
31 December 2013			
Trade and other payables	8,388	29,202	37,590
Due to a shareholder	87,542	—	87,542
Due to a related company	113,345	—	113,345
	209,275	29,202	238,477

	On demand	1 to 3 months	Total
	HK$'000	*HK$'000*	*HK$'000*
31 December 2014			
Trade and other payables	135,601	12,301	147,902
Due to a shareholder	339,565	—	339,565
	475,166	12,301	487,467

	On demand	1 to 3 months	Total
	HK$'000	*HK$'000*	*HK$'000*
30 June 2015			
Trade and other payables	215,478	8,907	224,385
Due to a shareholder	384,170	—	384,170
	599,648	8,907	608,555

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 30 June 2015.

Yours faithfully,
Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

The Target Group is principally engaged in development and operation of the Property Project, which includes a parcel of land situated on the western shore of Nanhu Lake (南湖), Yueyang, Hunan Province, PRC, and is under development into high-end residential buildings with club houses and parking lots.

For the period from 3 August 2012 to 31 December 2012, the year ended 31 December 2013, the year ended 31 December 2014 and the six months ended 30 June 2015, the Target Group recorded:

(i) revenue of nil, nil, nil and nil respectively, mainly because that sales of the properties have not occurred yet and any pre-sale is not recognized as revenue before the title to an unit is transferred;

(ii) other income and gains or losses of nil, HK$37,658,000, HK$442,000 and HK$49,000 respectively, which mainly consists of bank interest income and a waiver of loan for the year ended 31 December 2013. The loan waived was due to a previous shareholder of the Target Company, and was waived pursuant to the group reorganization during the acquisition of the Target Group by the Vendor in 2013;

(iii) distribution, selling and administrative expenses of HK$7,000, HK$6,833,000, HK$8,459,000 and HK$5,495,000 respectively, which mainly represents salaries paid to administrative and marketing staff and marketing expenses spent for preparing pre-sale of properties started from 2014 onward;

(iv) finance costs of nil, HK$3,232,000, nil and nil respectively, which mainly consists of interest on amounts due to a related Company;

(v) profit/(loss) before and after taxation of approximately HK$(7,000), HK$30,825,000, HK$(8,017,000) and HK$(5,446,000) respectively. The profit before and after taxation of approximately HK$30,825,000 for the year ended 31 December 2013 was resulted from waiving of the loan.

FINANCIAL POSITION

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group had

(i) property, plant and equipment of nil, HK$796,000, HK$822,000 and HK$806,000, which mainly consists of furniture, fixtures and office equipment and motor vehicles;

(ii) properties under development of nil, HK$229,834,000, HK$468,053,000 and HK$561,218,000, which represents the residential projects developed by the Yueyang Company in Yueyang, Hunan Province, the PRC and the increasing trend of which is in line with the development of the Property Project;

(iii) other receivables, deposits and prepayments of nil, HK$2,981,000, HK$19,382,000 and HK$36,140,000, which mainly consists of the prepayment of construction costs;

(iv) restricted cash of nil, nil, HK$10,658,000 and HK$19,315,000, which mainly consists of guarantee deposits placed in designated bank accounts regarding the sales proceeds;

(v) cash and cash equivalents of nil, HK$47,766,000, HK$7,850,000 and HK$6,356,000, which represents the most liquid assets that the Target Group can utilize and the fluctuation of which can be explained by the Target Group's fund raising activities and expense or investment in the Property Project;

(vi) trade and other payables of nil, HK$67,590,000, HK$147,954,000 and HK$224,417,000, which mainly consists of pre-sale proceeds from the customers and the increasing trend of which is in line with the expanding pre-sale scale of the Property Project;

(vii) due to a shareholder of HK$6,000, HK$87,542,000, HK$339,565,000 and HK$384,170,000, which mainly consists of the Sales Loan and the increasing trend of which is due to the expanding investment scale of the shareholders in the Target Group;

(viii) a total asset of approximately nil, HK$281,377,000, HK$506,665,000 and HK$623,835,000, which mainly consists of the Property Project and has reflected the latest fair value of the Property Project as appraised by the Valuer; and

(ix) a total liability of approximately HK$6,000, HK$253,212,000, HK$487,519,000 and HK$608,587,000, of which the Sale Loans and trade and other payables take a significant portion.

PROSPECTS

The management of the Target Company is positive about the prospects of the Target Group. Economy of the PRC has been expanding at a high but stable rate. Domestic consumption has recently contributed more and more to growth of the gross domestic production. Looking into the future, the PRC government is committed to (i) pivoting from investment-led growth in industry and infrastructure toward services and consumption; and (ii) focusing on inciting domestic demand and rebalancing of the economy. As a more supportive government and a more stabilized environment are conducive to the success of a property project, the Company is of the view that the Target Group can seize these opportunities in a blooming property industry in the PRC.

Moreover, the rise of the middle-class in the PRC during the past two decades is phenomenal, and this trend is expected to continue for decades. This is due partly to the prodigious pace of urbanization. Millions of people in the PRC are moving up along the economic ladder, and as they progress, their tastes and requirements will mature. Most city dwellers, especially those who are living in third-tier cities such as Yueyang, will sooner or later become customers of high-end properties provided by the Property Project. With the customer base expanding, the Company is therefore positive of the futures of the Target Group.

The Property Project has nearly completed its first phase of construction, and some of the first phase residential property units available for pre-sale have been contracted. The first and second phases of the Property Project are expected to be fully completed between the fourth quarter of 2015 and first quarter of 2016. The Target Group expects to change its current loss-making position after sales of the properties starts.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group had a current liability of approximately HK$6,000, HK$253,212,000, HK$487,519,000 and HK$608,587,000 respectively, which represents the entire liabilities of the Target Group. As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group had total cash and cash equivalents of approximately nil, HK$47,766,000, HK$7,850,000 and HK$6,356,000 respectively, and a net current asset/(liability) of approximately HK$(6,000), HK$28,165,000, HK$19,146,000 and HK$15,248,000 respectively, demonstrating the Target Group's ability to tackle liquidity problems in a foreseeable situation.

For the two years ended 31 December 2014 and the six months ended 30 June 2015, cash flow from/(used in) operating activities are HK$(77,361,000), HK$99,753,000 and HK$(2,766,000). The significant fluctuation in cash flow from/(used in) operating activities are in line with the facts that (i) the Property Project was under construction; (ii) money required to fund construction varies according to the stages of construction; and (iii) different suppliers of the Property Project may allow various credit policies. For the two years ended 31 December 2014 and the six months ended 30 June 2015, cash flow from/(used in) financing activities are HK$127,866,000, HK$(136,381,000) and nil. The significant fluctuation in cash flow from/(used in) financing activities can be explained by the facts that (i) the Target Group obtained the Sales Loan during the year 2013; and (ii) a loan from a related company was borrowed to improve liquidity in the year 2013 and subsequently repaid in the year 2014. Given that the Property Project has not launched sales of its units, its cash flow mainly comes from financing activities. On the other hand, as the Target Group was focusing on construction of the Property Project, its cash reserves was generally used to finance this activity.

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group had no funding requirements for capital expenditure commitments and authorizations. For the period from 3 August 2012 to 31 December 2012, the year ended 31 December 2013, the year ended 31 December 2014 and the six months ended 30 June 2015, all borrowings of the Target Group are denominated in RMB and are based on a fix interest rate. As at 30 June 2015, the Target Group does not expect any capital commitments or other major expenditures.

The Target Group's gearing ratio (defined as total interest-bearing liabilities divided by the Group's total equity) was nil, 4.54, nil and nil as at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015 respectively.

SIGNIFICANT INVESTMENT

For the period from 3 August 2012 to 31 December 2012, the year ended 31 December 2013, the year ended 31 December 2014 and the six months ended 30 June 2015, the Target Group had not made any significant investments.

TREASURY POLICIES

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group had no specific treasury policies.

CHARGES ON GROUP ASSETS

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group did not have any obligations under finance leases which were secured by the leased assets acquired under the finance leases.

HEDGING ARRANGEMENT

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group did not enter into any financial instruments for hedging purposes.

MATERIAL ACQUISITION AND DISPOSAL

For the period from 3 August 2012 to 31 December 2012, the year ended 31 December 2013, the year ended 31 December 2014 and the six months ended 30 June 2015, the Target Group did not have any material acquisition or disposal of subsidiaries and associated companies.

SEGMENT INFORMATION

For the period from 3 August 2012 to 31 December 2012, the year ended 31 December 2013, the year ended 31 December 2014 and the six months ended 30 June 2015, the Target Group was principally engaged in a sole business segment which is development and operation of the Property Project.

FUTURE PLAN

As at 30 June 2015, the Target Group did not have any future plan for material investments or capital assets.

FOREIGN EXCHANGE EXPOSURES

For the period from 3 August 2012 to 31 December 2012, the year ended 31 December 2013, the year ended 31 December 2014 and the six months ended 30 June 2015, the normal operations and investments of the Target Group were solely in one area (i.e. the PRC), with revenue and expenditure denominated in RMB. Therefore the Target Group did not have significant foreign exchange exposure. However, the Target Group will closely monitor this risk exposure as required.

CONTINGENT LIABILITY

The Target Group had no other material contingent liability as at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015, the Target Group employed a total of about 32, 43, 56 and 64 employees respectively. The Target Group's staff recruitment and promotion are primarily based on individuals' merits, relevant experiences, development potentials for the positions offered and performance. Staff remuneration and benefit policies, which are formulated by reference to the market, are competitive and performance based.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows (the "Unaudited Pro Forma Financial Information") of the Enlarged Group as enlarged by the Acquisition upon completion. Unless otherwise defined, terms used herein shall have same meanings as those defined in the Circular.

The Unaudited Pro Forma Financial Information have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition upon completion, as if the Acquisition had taken place on 31 March 2015 for the unaudited pro forma consolidated statement of financial position, and as if the Acquisition had taken place on 1 April 2014 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information is based on certain assumptions, estimates, uncertainties and other currently available financial information, and has been prepared by the Directors for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, results of operations and cash flows of the Group following the Acquisition upon completion as at 31 March 2015 or at any future date or results and cash flows of the Group for the year ended 31 March 2015 or for any future period.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Company for the year ended 31 March 2015.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared as if the Acquisition had taken place on 31 March 2015 and is based on the audited consolidated statement of financial position of the Group as at 31 March 2015, which has been extracted from the annual report of the Company for the year ended 31 March 2015, after making pro forma adjustments that are (i) directly attributable to the Acquisition; and (ii) factually supportable.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2015 are prepared as if the Acquisition had taken place on 1 April 2014 and are based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2015, which have been extracted from the annual report of the Company for the year ended 31 March 2015, after making pro forma adjustments that are (i) directly attributable to the Acquisition; and (ii) factually supportable.

Unaudited pro forma consolidated statement of financial position of the Enlarged Group
As at 31 March 2015

	The Group	**The Target Group**	**Pro forma adjustment**		**The Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
NON-CURRENT ASSETS					
Property, plant and equipment	58,972	806			59,778
Goodwill	—	—	70,948		70,948
Investment properties	41,400	—			41,400
Available-for-sale financial assets	4,350	—			4,350
Total non-current assets	104,722	806			176,476
CURRENT ASSETS					
Properties under development	—	561,218	703,882		1,265,100
Trade and other receivables	119,914	36,140			156,054
Financial assets at fair value through profit or loss	65,320	—			65,320
Restricted cash	—	19,315			19,315
Cash and cash equivalents	254,815	6,356	(755,000)		(493,829)
Total current assets	440,049	623,029			1,011,960
CURRENT LIABILITIES					
Trade and other payables	78,629	224,417		1,647	304,693
Due to a shareholder	—	384,170	(384,170)		—
Due to related companies	120,000	—			120,000
Borrowings	12,333	—			12,333
Promissory notes	—	—	243,277		243,277
Tax payables	1,374	—			1,374
Total current liabilities	212,336	608,587			681,677
NET CURRENT ASSETS	227,713	14,442			330,283
TOTAL ASSETS LESS CURRENT LIABILITIES	332,435	15,248			506,759

	The Group	The Target Group	Pro forma adjustment		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
NON-CURRENT LIABILITIES					
Provision for long service payments	4,730	—			4,730
Deferred taxation	6,281	—	175,971		182,252
Total non-current liabilities	11,011	—			186,982
Net assets	321,424	15,248			319,777
EQUITY					
Equity attributable to owners of the parent					
Share capital	4,150	1	(1)		4,150
Reserves	317,274	15,247	(15,247)	(1,647)	315,627
Total equity	321,424	15,248			319,777

Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group

For the year ended 31 March 2015

	The Group	The Target Group	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 5	*Note 6*	*Note 4*	
REVENUE	558,150	—		558,150
Cost of sales	(408,371)	—		(408,371)
Gross profit	149,779	—		149,779
Other income and gains	19,258	442		19,700
Distribution and selling expenses	—	(2,586)		(2,586)
Administrative and other operating expenses	(61,155)	(5,873)	(1,647)	(68,675)
Operating profit/(loss)	107,882	(8,017)		98,218
Finance costs	(1,186)	—		(1,186)
PROFIT/(LOSS) BEFORE TAX	106,696	(8,017)		97,032
Income tax expense	(16,134)	—		(16,134)
PROFIT/(LOSS) FOR THE YEAR	90,562	(8,017)		80,898
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net gain on revaluation of available-for-sale investments	1,560	—		1,560
Exchange difference of translation of foreign operations	—	(1,002)		(1,002)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	92,122	(9,019)		81,456

Unaudited pro forma consolidated statement of cash flows position of the Enlarged Group
For the year ended 31 March 2015

	The Group *HK$'000* *Note 5*	**The Target Group** *HK$'000* *Note 6*	**Pro forma adjustment** *HK$'000* *Note 4*	**The Enlarged Group** *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	106,696	(8,017)	(1,647)	97,032
Adjustments for:				
Depreciation of property, plant and equipment	20,889	385		21,274
Gain on disposal of property, plant and equipment	(2,770)	(26)		(2,796)
Gain on disposal of investment properties	(9,876)	—		(9,876)
Gain on disposal of a subsidiary	(1,082)	—		(1,082)
Utilisation of long service payments	(10)	—		(10)
Government grants received	(280)	—		(280)
Fair value gain on investment properties	(4,100)	—		(4,100)
Fair value losses on financial assets at fair value through profit or loss	2,474	—		2,474
Impairment loss on available-for-sale financial assets	2,105	—		2,105
Interest income	(168)	(353)		(521)
Interest expense	1,186	—		1,186
	115,064	(8,011)		105,406
Increase in properties under development	—	(227,917)		(227,917)
Decrease/(increase) in trade and other receivables	4,024	(16,401)		(12,377)
Increase in restricted cash	—	(10,658)		(10,658)
Increase in trade and other payables	19,324	110,364	1,647	131,335
Increase in amount due to a shareholder	—	252,023		252,023
Cash generated from operations	138,412	99,400		237,812
Interest received	—	353		353
Tax paid	(13,084)	—		(13,084)
Net cash flows from operating activities	125,328	99,753		225,081

	The Group	The Target Group	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 5	*Note 6*	*Note 4*	
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash acquired	(38,699)	—		(38,699)
Disposal of a subsidiary, net of cash proceeds	492	—		492
Proceeds from disposal of property, plant and equipment	2,794	49		2,843
Proceeds from disposal of investment properties	50,000	—		50,000
Cost incurred for disposal of investment properties	(354)	—		(354)
Purchases of property, plant and equipment	(35,480)	(344)		(35,824)
Receipts of government grants for the disposal of property, plant and equipment	280	—		280
Purchase of available-for-sale financial assets	(4,895)	—		(4,895)
Purchase of financial assets at fair value through profit or loss	(67,794)	—		(67,794)
Deposit paid for purchase of property, plant and equipment	(690)	—		(690)
Interest received	168	—		168
Net cash flows used in investing activities	(94,178)	(295)		(94,473)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance leases	(4,303)	—		(4,303)
Repayment of bank borrowings	(9,932)	—		(9,932)
Repayment of loan to a related company	—	(126,079)		(126,079)
Interest paid on finance leases	(85)	—		(85)
Loan from a related company	120,000	—		120,000
Interest paid on bank borrowings	(657)	—		(657)
Interest paid on loan from a related company	—	(10,302)		(10,302)
Net cash flows from/(used in) financing activities	105,023	(136,381)		(31,358)
NET INCREASE/(DECREASES) IN CASH AND CASH EQUIVALENTS	136,173	(36,923)		99,250
Cash and cash equivalents at beginning of year	118,642	47,766		166,408
Effect of foreign exchange rate changes, net	—	(2,993)		(2,993)
CASH AND CASH EQUIVALENTS AT END OF YEAR	254,815	7,850		262,665

Notes:

1. The audited consolidated statement of financial position of the Group is extracted without any adjustments from audited consolidated statement of financial position of the Group for the year ended 31 March 2015.

2. The audited consolidated statement of financial position of the Target Group are extracted from the Appendix II to this Circular.

3. For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the Directors assumed that with the exception of properties under development, the pro forma fair value of identifiable assets and liabilities of the Target Group, are the same as their respective carrying amounts as at 30 June 2015.

   The Group has applied the acquisition method in accordance with HKFRS 3 "Business Combinations" to account for the Acquisition as if the Acquisition was completed and the calculation of pro forma gain on bargain purchase is as follows:

	HK$'000
Consideration:	
Cash	755,000
Promissory Notes *(note (a))*	243,277
	998,277
Carrying amount of identifiable assets acquired *(note (b))*	(15,248)
Pro forma fair value adjustment to properties under development *(note (c))*	(703,882)
Deferred tax liability arising from valuation of properties under development *(note (d))*	175,971
Sale Loan acquired *(note (e))*	(384,170)
Pro forma goodwill *(note (b))*	70,948

   The adjustments represent the assumed consideration of HK$1,000,000,000 payable by the Company to the Vendor, the Consideration is to be satisfied by the Company through cash of HK$755,000,000 and issuance of the Promissory Notes at the aggregate principal amount of HK$245,000,000 to the Vendor, assuming 100% of the issued share capital of the Target Company is acquired under the Acquisition.

   Notes:

   (a) These represent the Promissory Notes with principal amount of HK$245,000,000 issued for the Acquisition. The Promissory Notes have a repayment term of one year from the date of issue and can be repaid in whole or in part before maturity date by the Company at its sole discretion.

   The assumed fair value of the Promissory Notes of approximately HK$243,277,000 represents the carrying value of the Promissory Notes carried at amortised cost and is calculated using the effective interest method by discounting estimated future cash flows at an effective interest rate of 15.81%. The effective interest rate has been determined by reference to various factors and assessed by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(b) The pro forma fair values of the identifiable assets and liabilities and goodwill in relation to the Acquisition are subject to change upon the completion at the completion date of the Acquisition, which may be substantially different from their estimated amounts used in the preparation of this Unaudited Pro Forma Financial Information.

The Directors have assessed whether there is any impairment on the goodwill recorded in accordance with the requirements set out in HKAS 36 "Impairment of Assets" and concluded that there is no impairment in respect of the goodwill. The Directors confirmed that they will apply consistent accounting policies, principal assumptions and valuation methods to assess impairment of the goodwill in subsequent reporting periods in accordance with the requirement of HKAS 36.

(c) The fair value to properties under development is RMB1,000,000,000 (equivalent to approximately HK$1,265,100,000). The fair value is determined by the present value of the profits attributable to the properties under development through the adoption of market comparable method. The fair value of the properties under development is based on the Directors' estimation with reference to a valuation carried out by Savills Valuation and Professional Services Limited, an independent qualified professional valuer not connected with the Group.

(d) The deferred tax liability relating to the fair value of properties under development amounted to approximately HK$175,971,000, calculated at the PRC Enterprise tax rate of 25%.

(e) The amounts represent the assignment of the Sale Loans owing by the Target Group to the Vendor amounting to approximately HK$384,170,000 being taken by the Group.

4. The adjustment represents the estimated transaction costs, including mainly legal and professional fees of approximately HK$1,647,000 to be incurred by the Company and recognised in the profit and loss, upon the completion of the Acquisition. These adjustments are not expected to have continuing effect on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Enlarged Group.

5. The audited consolidated statements of profit or loss and other comprehensive income and cash flows of the Group for the year ended 31 March 2015 are extracted without adjustments from the published annual report for the year ended 31 March 2015.

6. The amounts are extracted from the audited consolidated statements of profit or loss and other comprehensive income and cash flows of the Target Group as set out in Appendix II to this Circular.

(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT OF THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

诚丰
Zenith

ZENITH CPA LIMITED
誠豐會計師事務所有限公司
10/F, China Hong Kong Tower
8-12 Hennessy Road
Wanchai, Hong Kong

香港灣仔軒尼詩道8-12號
中港大廈10樓

TO THE DIRECTORS OF NGAI SHUN HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ngai Shun Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2015, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2015 and related notes as set out on pages 76 to 82 of the circular issued by the Company dated 6 November 2015 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page 75 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% equity interests of Double Earn Holdings Limited and its subsidiaries (the "Acquisition") on the Group's financial position as at 31 March 2015 and the Group's financial performance and cash flows for the year ended 31 March 2015 as if the transaction had taken place on 31 March 2015 and 1 April 2014, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the Directors from the Group's financial statements for the year ended 31 March 2015, on which an audit report has been published.

Directors' Responsibility 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") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

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

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 comply with ethical requirements and 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 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 this Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition 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 transaction at 31 March 2015 or 1 April 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, 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 on the basis stated;

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

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong

6 November 2015

The following is the text of a letter and valuation certificate, prepared for inclusion in this circular, received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation of the Property as at 16 October 2015 to be acquired by the Company.

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

The Board of Directors
Ngai Shun Holdings Limited
Unit 2102, 21/F
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

6 November 2015

Dear Sirs

Re: Portion of a residential development named Tang Xi Ren Jia (棠溪人家) situated at Nan Hu Feng Jing District, Yueyang City, Hunan Province, The People's Republic of China (the "Property")

INSTRUCTIONS

In accordance with your instructions for us to value the Property to be acquired by Ngai Shun Holdings Limited (the "Company") or its subsidiaries (together referred to as the "Group") in the People's Republic of China ("PRC"), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 16 October 2015 ("Date of Valuation") for circular purpose.

BASIS OF VALUATION

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

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

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

PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

The Property is to be held by the Company for sale. In the course of our valuation, we have valued the Property by direct comparison approach by making reference to the comparable market transactions as available in the market and have taken into account the estimated construction cost to be incurred as at the Date of Valuation.

TITLE INVESTIGATIONS

We have been provided with copies of extracts of the title documents relating to the Property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Company and its PRC legal adviser, Jingtian & Gongcheng, regarding the title to the Property.

VALUATION CONSIDERATIONS AND ASSUMPTIONS

In valuing the Property in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the Property for its specific term at nominal land use fee have been granted and that all requisite land premium payable has been fully settled. We have also assumed that the owner of the Property has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired term as granted.

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, ownership, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We have also advised by the Company that no material facts have been omitted from the information provided.

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

SITE INSPECTION

We have inspected the Property. The site inspection was carried out on 12 October 2015 by Mr. Anthony C.K. Lau. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other defects. No tests were carried out on any of the services. However, we have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

CURRENCY

Unless otherwise stated, all monetary amounts stated are in Renminbi ("RMB").

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C.K. Lau
MRICS MHKIS RPS (GP)
Director

Note: Mr. Anthony C.K. Lau is a qualified surveyor and has over 22 years' post-qualification experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property is to be held by the Company for sale

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 16 October 2015
Portion of a residential development named Tang Xi Ren Jia (棠溪人家) situated at Nan Hu Feng Jing District, Yueyang City, Hunan Province, PRC	The Property is situated at the southwest of the town centre of Yueyang City. It is located on the western shores of Nanhu Lake (南湖). Developments in the neighbourhood comprise low-rise and high-rise residential developments, temple and sites for government institution. The Property is located at the corner of the main roads of the region, Hubin Avenue and Dabahu Road, and is about 15-minute drive from the town center. The Property comprises the unsold portion of Tang Xi Ren Jia (the "Development"), which is erected on a parcel of land with a site area of approximately 156,403 sq.m.. According to the supplied information, the Property has a total gross floor area of approximately 76,134 sq.m., the breakdown of which is as follows: **Approximate Gross floor area** *(sq.m.)* Residential: 64,614 Commercial: 11,520 **Total: 76,134** The Property has been completed recently and Yueyang Company is applying for the acceptance examination upon project completion. The land use rights of the Property have been granted for terms expiring on 20 April 2049 and 20 April 2079 for commercial services and residential uses respectively.	The Property has been completed recently pending the acceptance examination upon project completion.	RMB1,300,000,000

Notes:

1. Pursuant to State-owned Construction Land Use Rights Contract No. XC(1) 013526 entered into between Land and Resources Bureau of Yueyang City (岳陽市國土資源局) ("Party A") and Yueyang Nanhu Meishu Properties Limited (岳陽南湖美墅置業有限公司) ("Yueyang Company") on 24 March 2009 ("Land Contract"), Party A agreed to grant the land use rights of a parcel of land with a site area of 156,403 sq.m. to Yueyang Company at a consideration of RMB58,200,000. Details of the Land Contract are summarized, inter-alia, as follows:

Land No.	:	YTP2007-4
Site Area	:	156,403 sq.m.
Usage	:	residential
Plot Ratio	:	not exceeding 0.71
Building Density	:	not exceeding 20.6%
Greenery Ratio	:	not less than 41.2%

2. Pursuant to State-owned Land Use Rights Certificate No. Yue Shi Guo Yong (2015) Di 00031 issued by the People's Government of Yueyang City on 21 July 2015, the land use rights of a parcel of land with a site area of 156,403 sq.m. have been granted to Yueyang Company for terms expiring on 20 April 2049 and 20 April 2079 for commercial services and residential uses respectively.

3. Pursuant to a Construction Land Planning Permit Di Zi Di Yue Gui (Nan Yong) No. 2010-15 dated 29 July 2010, the land of the Property with a site area of 176,471 sq.m. was permitted for development.

4. Pursuant to Construction Works Planning Permit Jian Zi Di Yue Gui (Gong) No. 2012040 issued by Yuyang City Planning Bureau on 27 August 2012, the construction of the clubhouse of the Development with a construction scale of 6,270.50 sq.m. was approved.

5. Pursuant to Construction Works Planning Permit Jian Zi Di Yue Gui (Gong) No. 2013011 issued by Yuyang City Planning Bureau on 10 May 2013, the construction of various buildings with a construction scale of 88,111 sq.m. was approved.

6. Pursuant to Construction Works Planning Permit, Jian Zi Di Yue Gui (Gong) No. 2015008 issued by Yuyang City Planning Bureau on 30 March 2015, the construction of various buildings with a construction scale of 15,089.50 sq.m. was approved.

7. Pursuant to three Construction Works Commencement Permit Nos. 430602201305120301, 430602201411260301 and 430602201504080301 dated 31 May 2013, 28 November 2014 and 18 May 2015 respectively, the construction of various buildings with a total construction scale of 109,471 sq.m. was approved for commencement.

8. Pursuant to 58 Commodity Housing Pre-sale Permits issued by Real Estate Administrative Bureau of Yueyang City (岳陽市房地產管理局) on between 14 January 2014 and 31 August 2015, various buildings with a total area of 39,015.08 sq.m. were permitted for pre-sale.

9. As advised by the Company, portion of the Property with a total gross floor area of 11,164 sq.m. has been pre-sold at a total consideration of RMB169,596,958. We have taken into account the said amount in our valuation.

10. According to the information provided by the Company, the estimated construction cost to be incurred as at the Date of Valuation was approximately RMB40,000,000. The said cost has been taken into account in undertaking our valuation.

11. The market value of the Property as if completed as at 16 October 2015 was RMB1,350,000,000.

12. We have been provided with a legal opinion on the title to the Property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:

    (i) Yueyang Company has legally obtained the land use rights of the Property and is entitled to transfer, lease, mortgage or dispose of by other means the land use rights of the Property;

    (ii) Yueyang Company has obtained all relevant approvals and permits for the construction of the Property;

    (iii) the Property is not subject to any mortgages or encumbrances;

    (iv) as confirmed by Yueyang Company, there has been no pending litigation (including seizure), arbitration or administrative penalty against Yueyang Company;

    (v) the environmental impact report on the Property has been approved by the relevant environmental departments, and is legal and valid; and

    (vi) there are no substantial legal impediments for Yueyang Company to obtain building ownership certificates for the Property after completing the acceptance examination upon project completion. After obtaining the building ownership certificates, Yueyang Company is entitled to transfer, lease, mortgage and/or by other means to dispose of the Property in accordance with the laws.

The principal terms of the Promissory Notes are as follows:

Capitalized terms used in this Appendix VI shall have the meaning as defined in Clause 1 as set out below.

TERMS OF THE PROMISSORY NOTES

The promissory notes proposed to be issued by Ngai Shun Holdings Limited (the "**Company**") with a principal value of HK$245 million with interest of 15% per annum (the "**Notes**") was approved at a meeting of the board of directors on 29 September 2015 and 4 November 2015. Subject to the shareholders' approval being obtained at the extraordinary general meeting to be held on 23 November 2015, the Notes are to be issued subject to the terms in the instrument of Notes (the "**Instrument**") given by the Company and the terms appended to the back of the Notes certificates, a summary of which is set out in this Appendix VI.

This Note is issued pursuant to the terms of the sale and purchase agreement dated 29 September 2015 made between the Noteholder as vendor and the Issuer as the purchaser.

NOW THIS NOTE WITNESSETH as follows:

1. INTERPRETATION

1.1 Definition

In this Note, unless the context requires otherwise, the following words and expressions have the respective meanings set opposite thereto:

"Banking Day"	any day on which banks in Hong Kong generally are open for clearing and settlement business, except a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning No.8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
"Group"	the Issuer and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Debt"	the principal amount of Hong Kong Dollar Two Hundred and Forty Five Million (HK$245,000,000) or such part thereof for the time being outstanding;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

"Material Adverse Change"	means a material adverse change on: (a) the business, conditions (financial or otherwise), operations, performance, assets or prospects of: (i) any Issuer; or (ii) the Group taken as a whole; (b) the ability of the Issuer to perform its obligations under this Note; or (c) the legality, validity or enforceability of this Note or any or all of the rights or remedies of the Noteholder under this Note;
"Maturity Date"	the date falling on the expiry of 12 months from the issue date of this Note;
"Parties"	the parties to this Note;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"HK$" or "HK Dollars"	Hong Kong dollars, the lawful currency of Hong Kong.

1.2 Construction

In this Note, unless the context requires otherwise, any reference to:

an "authorisation" includes any approvals, consents, licences, permits, franchises, permissions, registrations, resolutions, directions, declarations and exemptions;

"indebtedness" includes any obligation of any person for the payment or repayment of money, whether present or future, actual or contingent;

"law" and/or "regulation" includes any constitutional provisions, treaties, conventions, statutes, acts, laws, decrees, ordinances, subsidiary and subordinate legislation, orders, rules and regulations having the force of law and rules of civil and common law and equity;

an "order" includes any judgment, injunction, decree, determination or award of any court, arbitration or administrative tribunal;

a "person" includes any individual, company, body corporate or unincorporate or other judicial person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government agency; and "tax" includes any tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority and includes any interest, penalty or other charge payable or claimed in respect thereof and "taxation" shall be construed accordingly.

1.3 Successors and Assigns

The expressions "Noteholder" and "Issuer" shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.

1.4 Miscellaneous

In this Note, unless the context requires otherwise, references to statutory provisions shall be construed as references to those provisions as replaced, amended, modified or re-enacted from time to time; words importing the singular include the plural and vice versa and words importing a gender include every gender; references to this Note shall be construed as references to such document as the same may be amended or supplemented from time to time; unless otherwise stated, reference to Clauses is to clauses of this Note. Clause headings are inserted for reference only and shall be ignored in construing this Note.

2. REPAYMENT AND INTEREST

2.1 For value received by the Issuer (the receipt and sufficiency of which the Issuer hereby expressly acknowledges), the Issuer by this Note unconditionally and irrevocably promises and undertakes to pay to the Noteholder the Debt upon and subject to the terms and the conditions as hereinbelow appearing.

2.2 Subject to Clause 3, the full amount of the Debt shall be due and repayable on the Maturity Date to the Noteholder (or to such other person as the Noteholder may direct by written notice to the Issuer at least 3 Banking Days prior to the Maturity Date).

2.3 The Issuer shall pay to the Noteholder interest on the Debt commencing from the date of this Note up to the date of payment in full at the rate of fifteen per cent (15%) per annum on the Maturity Date. Interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 365 day year.

2.4 The Issuer may prepay all or part of the Debt at any time prior to the Maturity Date by giving the Noteholder prior written notice specifying the amount and date of prepayment without any penalty, prepayment or other fees, **provided that** the amount of any partial prepayment shall be at least HK$1,000,000.00 and all other sums, if any, then due and payable under this Note shall have been paid.

2.5 If the due date for payment of any amount in respect of this Note is not a Banking Day, the Noteholder shall be entitled to make payment on the next following Banking Day, and interest on this Note for such extended time period shall be calculated accordingly.

3. EVENT OF DEFAULT

3.1 If any of the following events ("**Events of Default**") occurs, the Noteholder may give notice to the Issuer that this Note is immediately due and payable at its principal amount then outstanding together with interest accrued thereon under this Note:

(a) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Issuer, in each case, which would have a material adverse effect on the ability of the Issuer to perform its obligations under this Note;

(b) the Issuer becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors, in each case, which would have a material adverse effect on the ability of the Issuer to perform its obligations under this Note;

(c) any consent, licence, approval or authorization of any governmental agency of any country or political subdivision thereof required for or in connection with the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of this Note is revoked or withheld or materially modified or otherwise ceases to be in full force and effect;

(d) this Note or any part thereof cease to be in full force and effect or the validity or enforceability thereof or any part of the Debt or any other obligations of the Issuer under this Note is disaffirmed by the Issuer;

(e) the Issuer repudiates this Note or does or causes to be done any act or thing evidencing an intention to repudiate this Note or any action or proceeding of or before any court or authority shall be commenced (and not withdrawn or dismissed within a period of fourteen (14) days after its commencement) to enjoin or restrain the performance of and compliance with any obligations expressed to be assumed by the Issuer under this Note or in any event to question the right and power of the Issuer to enter into, exercise its rights under and perform and comply with any obligations expressed to be assumed by it under this Note or the legality, validity and enforceability of this Note;

(f) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under this Note;

(g) a Material Adverse Change has, in the reasonable opinion of a Noteholder, occurred; or an event, fact or matter has occurred or is likely to occur which, in the reasonable opinion of the Noteholder, will or is likely to give rise to a Material Adverse Change;

(h) anything is done or omitted by the Issuer, or any event or circumstances arises, which in the reasonable opinion of a Noteholder, will or is likely to materially affect the ability of the Issuer to perform its obligations under this Note or otherwise to comply with the terms and conditions of this Note;

(i) the Issuer fails to comply in any material respects with, or does not diligently perform in any material respects any of its duties and obligations under, all applicable laws, rules, codes, regulations, consents, licences, approvals and authorisations; or

(j) an order is made or an effective resolution passed for winding-up of the Issuer;

(k) the Issuer defaults in the payment of the principal or interest thereon in respect of this Note when and as the same ought to be paid and such default continues for more than 7 days; or

(l) any other debentures, bonds, notes or other instruments of indebtedness or any other loan indebtedness ("Financial Indebtedness") of the Issuer become prematurely repayable following a default in respect of the terms thereof which shall not have been remedied, or the Issuer or any of its major subsidiaries defaults in the repayment of the Financial Indebtedness at the maturity thereof or at the expiration of any applicable grace period thereof, or any guarantee of or indemnity in respect of any Financial Indebtedness given by the Issuer or any of its major subsidiaries shall not be honoured when due and called upon, in each case, which would have a material adverse effect on the ability of the Issuer to perform its obligations under this Note; or

(m) the Issuer consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation); or

(n) the listing status of the shares of the Issuer on the Stock Exchange has been, or threatened to be, revoked, cancelled or withdrawn or any event has occurred or is likely to occur which, in the reasonable opinion of the Noteholder will, may or is likely to lead to a revocation, cancellation or withdrawal (temporary or otherwise) of such listing status or a suspension of the trading of the Shares on the Stock Exchange for a period of fourteen (14) consecutive days or more.;

(o) (i) market capitalization (calculated based on the closing price of the Shares on the Stock Exchange) of the Issuer falls below the latest consolidated net asset value of the Company on 31 March 2015 for more than 10 Banking Days; or

(p) any breach of the following financial covenants:.

(i) the ratio of consolidated current assets to the consolidated current liabilities of the Group shall not be less than 0.34;

(ii) The ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth shall not exceed 4; and

(iii) The Consolidated Tangible Net Worth shall not be less than HK$300,000,000.

3.2 In this Clause,

(a) "**Consolidated Tangible Net Worth**" means in respect of the Group for any Relevant Period the aggregate of:

(1) the amount paid up or credited as paid up on the issued share capital of Issuer;

(2) the amounts standing to the credit of the consolidated capital and revenue reserves (including retained earnings, share premium account, capital reserve funds, statutory reserves, exchange fluctuation reserves, available-for-sales financial assets fair value reserves, employee share-based compensation reserves, any credit balance of property revaluation reserves (provided that such revaluation is determined in accordance with the then prevailing accounting principles and standards and accepted by the auditors) and any credit balance on profit and loss account) of the Group; and

(3) the absolute value of any negative goodwill,

all as shown in the Issuer's consolidated balance sheet for the Relevant Period but after deducting therefrom (if not otherwise deducted or excluded from the amounts under (1) or (2) above):

(aa) the net book value of any goodwill and all other intangible assets;

(bb) any declared dividend or other distributions to Issuer's shareholders to the extent that such dividend for other distribution is not provided for in such audited consolidated balance sheet;

(cc) any debit balance on profit and loss account;

(dd) net amounts attributable to deferred taxation; and

(ee) all such amounts and value in (2) and (3) above attributable to the Group.

(b) "Consolidated Total Borrowings" means, in respect of the Group for any Relevant Period, the aggregate of all indebtedness of the Group for or in respect of:

(1) money borrowed and debit balances at banks;

(2) acceptance or documentary credit or the sale or discounting of receivables (otherwise than on a non-recourse basis);

(3) any amount raised pursuant to any debenture, bond (including, for the avoidance of doubt, any convertible bond to the extent not converted into equity), note, loan stock, commercial paper or any similar instrument or any note purchase facility;

(4) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with any applicable accounting principles and standards, be treated as a finance or capital lease;

(5) any indebtedness in respect of any purchase price for property or services the payment of which is deferred (excluding trade credits in the ordinary course of business not exceeding 90 days);

(6) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(7) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any single derivative transaction, only the marked to market value shall be taken into account which may be a net amount taking account of amounts which would otherwise be receivable);

(8) shares which are expressed to be redeemable;

(9) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(10) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;

(11) any amount raised in any other transaction having substantially the same commercial effect as any of the foregoing or of a borrowing, including liabilities which are not shown as borrowings on the balance sheet of any person by reason of being contingent, conditional or otherwise (other than contingent liabilities incurred or to be incurred in the ordinary course of trading for a period of not exceeding 90 days and on arm's length commercial terms); and

(12) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (1) to (11) above but not to the extent that the liability in respect of the items referred to in paragraphs (1) to (11) is already included.

In each case, any amounts owing or payable to a member of the Group by the person to whom any of the above indebtedness is payable by that member of the Group shall be deducted for the purposes of calculating Consolidated Total Borrowings.

For the avoidance of doubt, where: (i) any indebtedness where such moneys were borrowed for the purpose of repaying the whole or any part of the Consolidated Total Borrowings and to be so applied within 12 months of such borrowing shall, during that period, be excluded from Consolidated Total Borrowings except to the extent not so applied for such repayment; and (ii) any indebtedness which is on a particular day outstanding or repayable in a currency other than HK Dollars shall on that day be taken into the account (aa) if that day is a date as at which an audited consolidated balance sheet of the Group has been prepared, in HK Dollar equivalent at the rate of exchange used for the purpose of preparing that balance sheet and (bb) in any other case in HK Dollar equivalent (as determined by reference to spot exchange rates) as at 11 a.m. (Hong Kong time) on the last Banking Day of the immediately preceding months.

Adjustment may be made to ensure no item is double counted in the calculation of Consolidated Total Borrowings.

(c) "Relevant Period" means each period of six months ending on the last day of any financial year of the Group or ending on the last day of the first half of any financial year.

(d) The financial covenants set out in this Clause shall be tested by reference to the audited or unaudited consolidated financial statements published by the Group for the Relevant Period.

4. DEFAULT INTEREST

If the Issuer fails to pay any sum payable under this Note when due, the Issuer shall pay interest on such sum from and including the due date to the date of actual payment (before as well as after judgment) at the rate of fifteen per cent (15%) per annum.

5. MISCELLANEOUS

5.1 Entire Agreement

This Note constitutes the entire agreement and understanding between the Parties in connection with the subject matter of this Note and supersedes all previous proposals, representations, warranties, agreements or undertakings or expressions of intent or understandings relating thereto whether oral, written or otherwise and none of the Parties has relied on any such proposals, representations, warranties, agreements or undertakings.

5.2 Counterparts

This Note may be executed in counterparts and by different Parties on separate counterpart which when taken together shall be deemed to constitute one Note.

6. ASSIGNMENT

6.1 The Issuer

The Issuer shall not assign any of its rights and obligations hereunder without the prior written consent of the Noteholder.

6.2 The Noteholder

The Noteholder may assign or transfer this Note (or any part thereof) to any person.

7. NOTICE AND OTHER COMMUNICATION

7.1 Each notice, demand or other communication to be given or made hereunder shall, unless otherwise provided herein, be given or made in writing and delivered or sent by personal delivery, or by registered post (registered airmail if to an overseas address), postage prepaid to the relevant Party at its address set out in the terms of the Notes, or by facsimile sent to the facsimile numbers set out in the terms of the Notes (or such other address or facsimile number as the addressee has by three Banking Days' prior written notice specified to the other Parties).

7.2 Any notice, demand or other communication so addressed to the relevant Party shall be deemed to be validly given, (a) if delivered personally, at the time of such delivery, (b) if given or made by letter, two days or (if to an overseas address) seven days after posting and it shall be sufficient to prove that such notice, demand or other communication was properly addressed, stamped and posted and (c) if given or made by facsimile at the time of despatch (with full transmission report).

7.3 Each notice, demand or other communication given or made by any Party to another in relation to this Note, and any other documents or instruments required to be delivered by one Party to another hereunder, shall be in the English language.

8. GOVERNING LAW AND JURISDICTION

8.1 Law

This Note shall be governed by and construed in all respects in accordance with the laws of Hong Kong.

8.2 Jurisdiction

The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in relation to any legal action or proceedings arising out of or in connection with this Note.

8.3 No Limitation on Right of Action

Nothing herein shall limit the right of the Noteholder to commence any legal action against the Issuer and/or its property in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.

8.4 Waiver and Final Judgment are Conclusive

The Issuer irrevocably and unconditionally waives any objection which it may now or hereafter have to the choice of Hong Kong as the venue of any legal action arising out of or relating to this Note. The Issuer also agrees that a final judgment against it in any such legal action shall be final and conclusive and may be enforced in any other jurisdiction, and that a certified or otherwise duly authenticated copy of the judgment shall be conclusive evidence of the fact and amount of its indebtedness.

9. AMENDMENT

The terms and conditions of this Note may be varied, expanded or amended by agreement in writing between the Issuer and the Noteholder.

10. NO WAIVER

A failure or delay by the Noteholder to exercise any right under this Note will not operate as a waiver of that right or of any other right nor will any single or partial exercise of any such right preclude any other or future exercise of that right or the exercise of any other right.

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.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporation (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 he/she was deemed or taken 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 the listed issue contained in the Listing Rules (the "**Model Code**") adopted by the Company, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group were as follows:

Long and short positions in Shares and underlying Shares of the Company

Name of shareholder	Capacity	Number of shares	Approximate percentage of interest
Fabulous Business Limited	Beneficial owner	2,650,000,000 (L)	10.64%

Name of shareholder	Capacity	Number of shares	Approximate percentage of interest
Prime Colour Global Limited	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Wong Sai Yee	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Splendid Core Global Limited	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Wong Lai Ling	Interest of spouse	2,650,000,000 (L)	10.64%
Kwan Oi Man Joyce	Interest of spouse	2,650,000,000 (L)	10.64%
Wong Mei Yi Patricia	Interest of spouse	2,650,000,000 (L)	10.64%
Kingston Finance Limited	Person having a security interest in shares	2,650,000,000 (L)	10.64%
Ample Cheer Limited	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Best Forth Limited	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Chu Yuet Wah	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Lam Wing Sum	Interest in controlled corporation	2,650,000,000 (L)	10.64%
Wong Sai Chung	Interest in controlled corporation	2,650,000,000 (L)	10.64%

(L) denotes long position

(S) denotes short position

Notes:

(1) Fabulous Business Limited is a company incorporated in the British Virgin Islands and is owned by Prime Colour Global Limited as to 50% and owned by Splendid Core Global Limited as to the remaining 50%.

(2) Prime Colour Global Limited is a company incorporated in the British Virgin Islands and owns 50% shareholding in Fabulous Business Limited.

(3) Splendid Core Global Limited is a company incorporated in the British Virgin Islands and owns 50% shareholding in Fabulous Business Limited.

(4) Wong Sai Chung owns 100% of the issued share capital of Prime Colour Global Limited, of which 40% of the shares is beneficially held by Wong Sai Chung, and 20% and 40% of the shares are held by Wong Sai Chung on trust for Wong Sai Lai and Wong Sai Yee. Ms. Wong Lai Ling is the spouse of Wong Sai Chung.

(5) Lam Wing Sum owns 100% of the issued share capital of Splendid Core Global Limited, and Splendid Global Limited Core in turn owns 50% shareholding in Fabulous Business Limited. Kwan Oi Man Joyce is the spouse of Lam Wing Sum.

(6) Wong Sai Yee owns 40% of the issued share capital of Prime Colour Global Limited. Wong Mei Yi Patricia is the spouse of Wong Sai Yee.

(7) Ample Cheer Limited is deemed to be interested in the Shares as it holds 100% of the issued share capital of Kingston Finance Limited.

(8) Best Forth Limited is deemed to be interested in the Shares as it indirectly holds 80% of the issued share capital of Kingston Finance Limited.

(9) Ms. Chu Yuet Wah is deemed to be interested in the Shares as she indirectly holds 80% of the issued share capital of Kingston Finance Limited.

Saved as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) has any existing or proposed service contracts with any member of the Enlarged Group which is not determinable by the Company within one (1) year without payment of any compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group and the Target Company.

5. QUALIFICATIONS AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Zenith CPA Limited	Certified Public Accountants
Savills Valuation and Professional Services Limited	Professional valuer
Jingtian & Gongcheng	PRC lawyer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, each of above experts did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up) 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.

6. LITIGATION

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

As at 31 March 2015, there were two outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

On 30 October 2014, a summon has been issued to the Group in relation to an offence arising from the incident occurred on 2 May 2014 which involved the Group failure to ensure that every part of the load, namely THE H-PILE which was to be raised or lowered by the lifting appliance was securely suspended or supported; and adequately secured so as to prevent danger arising to persons or properties as a result of the slipping or displacement of any part of the load. The case is adjourned to 13 July 2015 for part-heard. In the event the Group is convicted, the Group's may be subject to an aggregated amount of the maximum possible fines of HK$200,000, which will not be covered by the Group's insurance policies and full provision for the maximum potential fine in the sum of HK$200,000 has been made. The directors are of the view that this case will not cause any material adverse impact on the Group.

Save as disclosed above, as at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and are or may be material:

(i) the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreement;

(ii) on 10 July 2015, Laurel Stars Limited (桂星有限公司), a wholly-owned subsidiary of the Company, as the vendor, entered into the sale and purchase agreement with Fair Jade Group Limited, as the purchaser, for the sale and purchase of the sale shares and the sale loan of Achieved Success Company Limited at the consideration of HK$42,000,000;

(iii) on 13 April 2015, the Company and Kingston Securities Limited entered into the placing agreement pursuant to which the Company has conditionally appointed Kingston Securities Limited to procure, on a best effort basis, as placing agent of the Company, independent places to subscribe for a maximum of 83,000,000 placing shares at a price of HK$0.73 per placing share;

(iv) on 22 May 2014, Laurel Stars Limited (桂星有限公司), a wholly-owned subsidiary of the Company, entered into the acquisition agreement with, among others, Absolutely Talent Technology Limited, pursuant to which Absolutely Talent Technology Limited has conditionally agreed to sell and Laurel Stars Limited (桂星有限公司) has conditionally agreed to acquire the entire issued share capital of Funa Assets Limited at a total cash consideration of HK$39,000,000; and

(v) on 22 January 2014, Laurel Stars Limited (桂星有限公司), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with, among others, Rosy Lane Investments Limited pursuant to which Rosy Lane

Investments Limited has conditionally agreed to sell and Laurel Stars Limited (桂星有限公司) has conditionally agreed to acquire the entire issued share capital of Achieved Success Company Limited at a total cash consideration of HK$35,400,000.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) had any interests in a business which competed or might compete with the business of the Group and had any other conflicts of interests with the Group.

9. DIRECTORS' INTERESTS IN CONTRACT, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

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 any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2015 (being the date to which the latest published audited financial statements of the Group were made up) 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.

10. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Yeung Siu Keung, who is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business in Hong Kong of the Company is situated at Unit 2102, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

(c) The Company's Hong Kong branch share registrar is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on any weekday (except for public holidays) at the head office and principal place of business in Hong Kong of the Company at Unit 2102, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong from the date of this circular up to and including the date of the EGM:

(i) the Sale and Purchase Agreement;

(ii) the memorandum and articles of association of the Company;

(iii) the annual reports of the Company for the last three years ended 31 March 2015;

(iv) the accountant's report of the Target Group for the three years and six months ended 30 June 2015. The text of which is set out on pages 43 to 69 of this circular;

(v) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out on pages 75 to 85 of this circular;

(vi) the valuation report of the Property Project from the Valuer, the text of which is set out on pages 86 to 91 of this circular;

(vii) the written consents of the experts as referred to in the section headed "Qualification and consents of experts" in this appendix;

(viii) the material contracts referred to in the section headed "Material contracts" in this appendix; and

(ix) this circular.

Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of Ngai Shun Holdings Limited (the "**Company**") will be held at Units 4202–03, 42nd Floor, The Center, 99 Queen's Road Central, Hong Kong, on 23 November 2015 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the execution, delivery and performance by the Company of the Sale and Purchase Agreement (as defined in the Company's circular dated 6 November 2015 ("**Circular**")) a copy of which has been produced at the EGM marked "A" and signed by the chairman of the EGM for identification purposes, together with the terms and conditions thereof and transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;

(b) the issue of the Promissory Note (as defined in the Circular) pursuant to the terms and conditions of the Sale and Purchase Agreement be and is hereby approved; and

(c) any one director or, if the affixation of the common seal of the Company is necessary, any one Director and the company secretary of the Company or any two Directors or such other person (including a director) or persons as the Board may appoint be and is/are hereby authorised for and on behalf of the Company to approve and execute all documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in or related to the Sale and Purchase Agreement and transactions contemplated thereunder or incidental thereto and completion thereof as he/she/they may consider necessary, desirable or expedient."

By Order of the Board
Ngai Shun Holdings Limited
Mock Wai Yin
Executive Director and Chairman

Hong Kong, 6 November 2015

As at the date of this notice, the Company has (i) three executive Directors, namely Mr. Mock Wai Yin, Mr. Chu Bai Qing and Mr. Zou Wei Dong; (ii) one non-executive Director, namely Mr. Chui Kwong Kau and (iii) three independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.

Notes:

1. To be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

2. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it 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 in respect of such share shall alone be entitled to vote in respect thereof.