THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or **transferred** all your shares in Eternity Investment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

MAJOR TRANSACTION — THE ACQUISITION OF THE ENTIRE EQUITY INTERESTS OF BEST VOLUME INVESTMENTS LIMITED AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 5 to 18 of this circular.

A notice convening the special general meeting of Eternity Investment Limited to be held at Meeting Room (Soho 2), 6/F., ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 6 November 2015 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

Whether or not you are able to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

20 October 2015

MIX
Paper from responsible sources
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CONTENTS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

"Board"	the board of the Directors
"Company"	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange under stock code: 764
"Completion Date"	the date on which completion of the Transaction occurs according to the Sale and Purchase Agreement
"connected person(s)"	has the same meaning as ascribed to it in the Listing Rules
"Consideration"	the consideration for the Transaction in the amount of HK$400,000,000
"Contractor"	Zhanjiang City No. 4 Construction Engineering Co., Ltd.（湛江市第四建築工程有限公司）
"Director(s)"	the director(s) of the Company
"EDS"	EDS Wellness Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange under stock code: 8176 and a 70.18% owned subsidiary of the Company
"Enlarged Group"	the Group as enlarged by the Transaction
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) independent of the Company and its connected persons
"Intermediate Subsidiaries"	Radiant and Junxin
"Jiuhao Health"	China Jiuhao Health Industry Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 419

"Joint Announcement"	the announcement jointly published by Sino Credit and the Company dated 7 September 2015 in relation to, amongst others, the Transaction
"Junxin"	Guangzhou Junxin Environmental Monitoring Co., Ltd. (廣州駿新環境監測有限公司), a company established and registered in the PRC, and is wholly-owned by Radiant
"Latest Practicable Date"	16 October 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Seller"	Ace Guide Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
"Original SPA"	the sale and purchase agreement dated 11 August 2014 entered into between the Target Company and the Original Seller
"Placing Announcement"	the announcement of the Company dated 14 January 2013 in relation to the placing of 47,000,000 new Shares at a price of HK$0.645 per Share under general mandate
"PRC"	The People's Republic of China
"Promissory Note"	the promissory note in the principal amount of HK$30,000,000 to be issued by the Purchaser in favour of the Seller as part of the Consideration
"Property"	the commercial building located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, the PRC which details are set out in the sub-section headed "Information on the Target Group and the Property" in the letter from the Board
"Purchaser"	Golden Stone Management Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

"Radiant"	Radiant Beauty Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Virtue Crest
"Sale and Purchase Agreement"	the sale and purchase agreement dated 7 September 2015 entered into between the Seller and the Purchaser in relation to the Transaction
"Seller"	Sino Credit
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held at Meeting Room (Soho 2), 6/F., ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 6 November 2015 at 10:30 a.m. to consider and, if thought fit, to approve, among other matters, the Transaction
"Share(s)"	the ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Sino Credit"	Sino Credit Holdings Limited, an exempted company incorporated in Bermuda with limited liability under the Companies Act 1981 of Bermuda (as amended) and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 628
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Best Volume Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Seller prior to the completion of the Transaction
"Target Group"	the Target Company, Virtue Crest, Radiant, Junxin, Yonghan, Yinmao and Yingrui
"Target Shares"	the entire equity interests of the Target Company

"Transaction"	the sale and purchase of the Target Shares contemplated under the Sale and Purchase Agreement
"Virtue Crest"	Virtue Crest Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and is wholly-owned by the Target Company
"Yingrui"	Guangzhou Yingrui Real Estate Development Co., Ltd. (廣州市迎瑞房地產開發有限公司), a company established and registered in the PRC, and owned as to 99% of its equity interests by Yinmao and as to 1% of its equity interests by Yonghan
"Yinmao"	Guangzhou Yinmao Environmental Protection Technology Co., Ltd. (廣州殷貿環保科技有限公司), a company established and registered in the PRC, and is wholly-owned by Yonghan
"Yonghan"	Guangzhou Yonghan Investment Management Co., Ltd. (廣州永翰投資管理有限公司), a company established and registered in the PRC, and is wholly-owned by Junxin
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent

ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

Executive Directors:
Mr. Lei Hong Wai
(Chairman and Chief Executive Officer)
Mr. Cheung Kwok Wai, Elton
Mr. Chan Kin Wah, Billy
Mr. Cheung Kwok Fan

Independent non-executive Directors:
Mr. Wan Shing Chi
Mr. Ng Heung Yan
Mr. Wong Tak Chuen

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 3811, Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

20 October 2015

To the Shareholders and, for information only, the option holders of the Company

Dear Sir or Madam,

MAJOR TRANSACTION — THE ACQUISITION OF THE ENTIRE EQUITY INTERESTS OF BEST VOLUME INVESTMENTS LIMITED AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 7 September 2015 (after trading hours), the Seller entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase the Target Shares at the Consideration of HK$400,000,000.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information on the Transaction; (ii) the accountants' report on the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the valuation report on the Property; and (v) other information as required under the Listing Rules together with a notice of the SGM and a form of proxy.

THE SALE AND PURCHASE AGREEMENT

Date

7 September 2015

Parties

(i) The Seller, as seller; and

(ii) The Purchaser, as purchaser.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Seller and its ultimate beneficial owners are Independent Third Parties and not connected with the Purchaser and its connected persons.

The Target Shares

Pursuant to and subject to the terms and conditions of the Sale and Purchase Agreement, the Seller has agreed to sell and the Purchaser has agreed to purchase the Target Shares. The Target Shares represent the entire equity interests in the Target Company. The Seller has provided customary warranties and representations to the Purchaser regarding the Target Shares, the Target Group and the Property.

Upon completion of the Transaction, the Company will hold 100% of the equity interests of the Target Company. Accordingly, the Target Company will cease to be a wholly-owned subsidiary of the Seller and will become a wholly owned subsidiary of the Purchaser.

Consideration and Payment

The Consideration for the Transaction is HK$400,000,000 which is to be settled in the following manner:

(i) HK$370,000,000 shall be paid in cash on the Completion Date; and

(ii) HK$30,000,000 shall be paid by way of the Promissory Note issued by the Purchaser in favor of the Seller on the Completion Date.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Sale and Purchase Agreement after having taken into account, among others, the unaudited net asset values of the Target Group as at 31 March 2015 (after taking into account, amongst other things, the outstanding mortgage loan payable by the Target Group), the valuation of the Property and the existing tenancy agreements of the Property. The valuation of the Property is RMB496,900,000 according to the valuation report issued by an independent professional valuer as at 31 March 2015.

The Consideration of HK$400,000,000 represents a premium of approximately 3.12% over the unaudited net assets values of the Target Group of HK$387,914,000 as at 31 March 2015.

The Purchaser will satisfy the Consideration from a combination of the internal resources of the Group and the net proceeds of HK$29,931,000 from the placing of 47,000,000 new Shares as disclosed in the Placing Announcement.

Subject to the terms and conditions of the Sale and Purchase Agreement and save for any deduction in respect of a lawsuit commenced by the Contractor against Yingrui for failing to pay certain payment under the construction contract of the Property, which is covered by the warranties given by the Seller under the Sale and Purchase Agreement, payment of the Consideration for the Transaction will be made in full and without any deduction, set-off or suspension on completion of the Transaction, and shall not be subject to any adjustment.

Promissory Note

The principal terms of the Promissory Note are summarised as follows:

Issuer:	The Purchaser
Principal amount:	HK$30,000,000

Interest:	The Promissory Note will not carry any interest
Maturity Date:	Within three business days after the date of a final and effective judgment or an effective and binding settlement agreement of the lawsuit between Yingrui and the Contractor in respect of not paying certain payment under the construction contract of the Property
Payment:	All payments by the Purchaser shall be made in the lawful currency of Hong Kong
Redemption:	The Promissory Note may be redeemed by the Purchaser at any time prior to the maturity date by giving the Seller (or its assigns) written notice

Conditions Precedent

Completion of the Transaction is subject to, among other things, the following conditions being fulfilled and/or waived:

(a) the Purchaser having completed satisfactory due diligence on the Target Group and the Property;

(b) the approval by the shareholders of Sino Credit at the special general meeting of (i) the Sale and Purchase Agreement; and (ii) all other transactions contemplated under the Sale and Purchase Agreement, having been obtained, all in accordance and compliance with the Listing Rules;

(c) the Seller having obtained all necessary approvals, authorisations, consents from and completed all necessary registrations and filings (if applicable) with the relevant governmental authorities or regulatory bodies (including but not limited to the governmental authorities or regulatory bodies in the PRC), the shareholders of Sino Credit and any third parties in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder;

(d) the Company having obtained the relevant approval from the Shareholders at the SGM for the transactions as contemplated under the Sale and Purchase Agreement in accordance with the requirements of the Listing Rules, and the Purchaser having obtained all internal necessary consents and approvals for the purchase of the Target Shares as contemplated under the Sale and Purchase Agreement;

(e) the Purchaser having obtained a PRC legal opinion issued by qualified legal advisers engaged by it, with respect to any company within the Target Group which is established in the PRC and the Property, in such substance form and to the satisfaction of the Purchaser;

(f) the Purchaser having obtained a valuation report issued by an accredited independent valuer valuing the Property at a fair market value at not less than RMB497,000,000 as at 31 August 2015; and

(g) the warranties of the Seller under the Sale and Purchase Agreement remaining true and accurate in all material respects.

Other than condition (f), none of the above conditions has been fulfilled as at the Latest Practicable Date.

Termination

In the event that the Seller is in breach of any warranties regarding the Target Shares, the Target Group and the Property and:

(a) the value of a member of the Target Group or of its assets (including assets warranted to exist but not existing) is less than it would have been at completion of the Transaction in the absence of the breach; or

(b) a member of the Target Group incurs a liability which it would not have incurred, or which exceeds the liability it would have incurred, had matters been as warranted; or

(c) as a result of the breach or of matters not being as warranted a member of the Target Group suffers loss, costs or expenses,

then, without affecting the Purchaser's other rights, the Seller shall pay to the Purchaser (or, if the Purchaser so directs, the relevant member of the Target Group) by way of damages an amount equal to the resulting diminution of value, or the liability or excess liability, and the loss, costs and expenses (and including, but not limited to, all such losses, liabilities, costs, charges, or expenses suffered or incurred in disputing, defending, investigating or providing evidence in connection with establishing its right to be paid pursuant to the Sale and Purchase Agreement); provided, however, that, to the extent that a breach of a warranty by the Seller is due to the breach of a warranty or other obligations by the Original Seller under the Original SPA prior to the completion of the Original SPA, the Seller shall procure the Target Company to assign its benefits and rights under the

Original SPA to the Purchaser and do or execute all such necessary acts, matters, deeds, documents and things to enable the Purchaser to claim and recover damages directly from the Original Seller. For the avoidance of doubt, for a breach of a warranty by the Seller which is due to the breach of a warranty or other obligations by the Original Seller under the Original SPA, the Seller shall have no liability whatsoever other than procuring the Target Company to assign its benefits and rights under the Original SPA to the Purchaser.

If the Seller is in material breach of any warranty, the Purchaser shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages), by notice in writing to the Seller to terminate the Sale and Purchase Agreement. The Seller's and the Purchaser's rights and obligations under the Sale and Purchase Agreement shall cease immediately on the date of such termination notice, provided, however, that such termination shall not affect the rights and obligations of the Seller and the Purchaser existing before termination. For the avoidance of doubt, the Seller shall return any amount of the Consideration it has received from the Purchaser under the Sale and Purchase Agreement within five business days after such termination, in addition to any other of its obligations existing before the termination.

The aggregate amount of the liability of the Seller in respect of the aggregate of all claims by the Purchaser (including all claims by any person claiming through or under or otherwise in relation to the Purchaser) under or in connection with the Sale and Purchase Agreement, shall not in any circumstances exceed 100% of the Consideration.

The Seller shall not be liable for any claim unless the Purchaser has given written notice containing reasonable details of the factual basis of the claim, including the Purchaser's estimate of the amount of the claim, to the Seller on or before 30 September 2017.

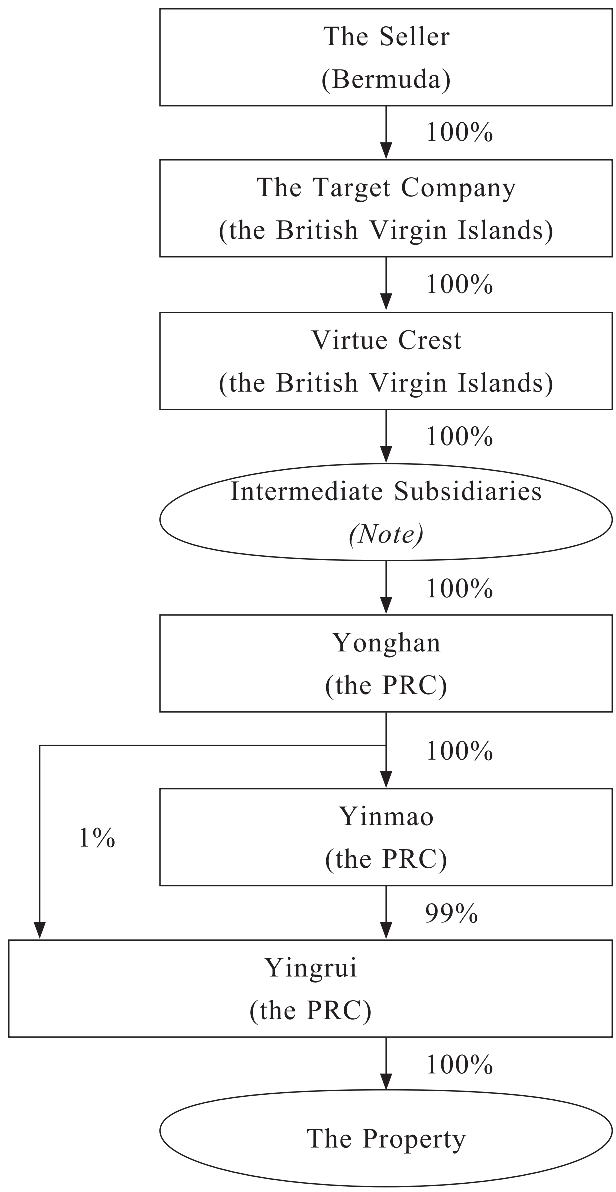
The Sale and Purchase Agreement shall terminate automatically if the conditions precedent under the Sale and Purchase Agreement are not satisfied or waived on or before 31 December 2015, unless the Seller and the Purchaser agree in writing to extend this long stop date.

Completion

Completion of the Transaction shall take place at the office of the Seller's solicitors three business days after the last of the conditions underlying the Transaction is satisfied or waived pursuant to the Sale and Purchase Agreement or on such other time, date or place as the parties thereto may agree in writing.

Information on the Target Group and the Property

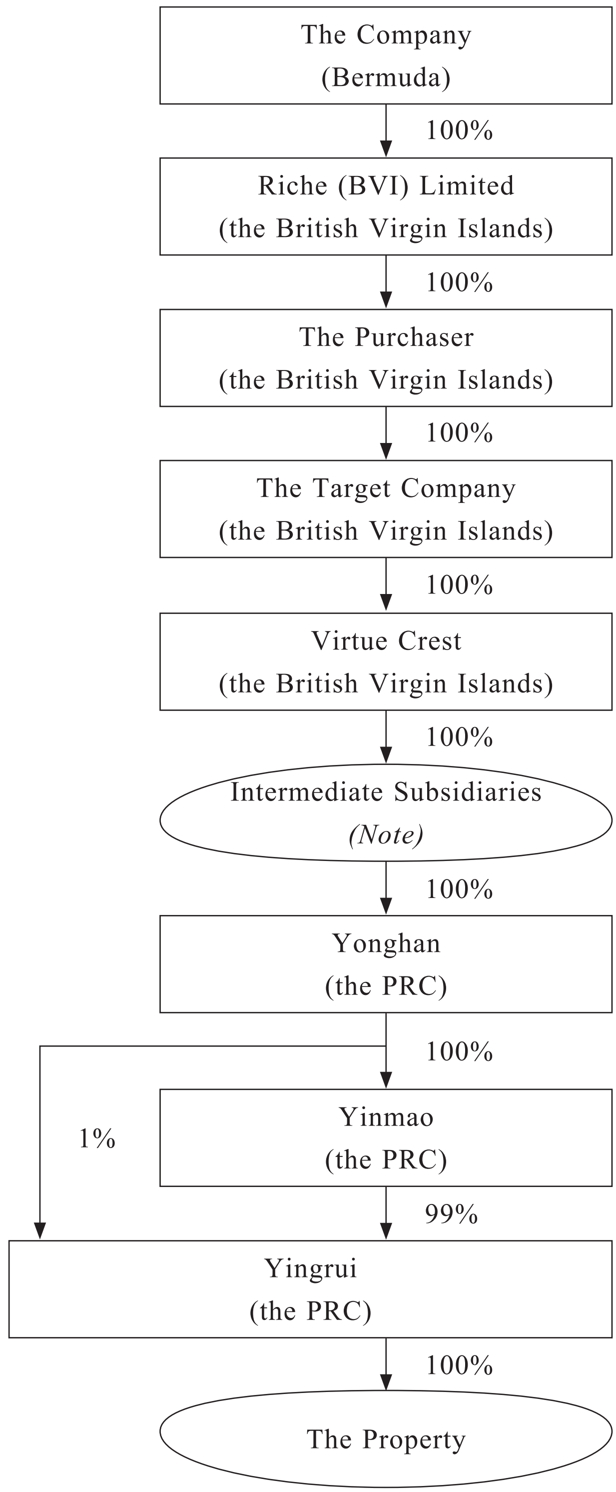
The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability and owns, manages and operates the Property through a series of wholly-owned subsidiaries. Its indirect wholly owned subsidiaries, Yonghan, Yinmao and Yingrui are the relevant entities in substance that directly own, operate and manage the Property. The ownership structure of the Target Group prior to the completion of the Transaction is set out as follows:



Note:

All of the Intermediate Subsidiaries are indirect wholly owned subsidiaries of the Target Company.

The ownership structure of the Target Group after completion of the Transaction is set out as follows:



Note:

All of the Intermediate Subsidiaries are indirect wholly owned subsidiaries of the Target Company.

Set out below are the details of the Property which is indirectly and wholly-owned and controlled by the Target Company:

Registered Owner:	Yingrui
Date of Issue of the Land Use Right Certificate:	19 July 2010
Area of the Land:	1,374 square meters
Location:	No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, the PRC
Term of the Land Use Right:	40 years commencing on 10 July 2010
Type of Land Usage:	Commercial and financial usage
Gross Floor Area of the Property:	6,795.54 square meters

As at the Latest Practicable Date, Yonghan had approximately RMB158,165,000 (equivalent to approximately HK$192,882,000) loan outstanding to Industrial and Commercial Bank of China in connection with the Property. The loan is secured by a mortgage on the Property in favour of Industrial and Commercial Bank of China. The loan has a tenure of 8 years from 28 April 2014. The loan and the mortgage will survive after the completion of the Transaction.

Financial Information of Yonghan, Yinmao and Yingrui

The unaudited financial information of Yonghan for the period from 30 May 2013 (date of establishment) to 31 March 2014 and the year ended 31 March 2015 is set out as follow:

	For the period from 30 May 2013 to 31 March 2014	**For the year ended 31 March 2015**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net loss before tax and extraordinary items	(231)	(12,498)
Net loss after tax and extraordinary items	(231)	(12,498)

As at 31 March 2015, Yonghan had an unaudited net asset value of approximately RMB37,271,000.

The unaudited financial information of Yinmao for the period from 3 September 2013 (date of establishment) to 31 March 2014 and the year ended 31 March 2015 is set out as follow:

	For the period from 3 September 2013 to 31 March 2014	**For the year ended 31 March 2015**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net loss before tax and extraordinary items	(15)	(32)
Net loss after tax and extraordinary items	(15)	(32)

As at 31 March 2015, Yinmao had an unaudited net asset value of approximately RMB4,953,000.

The unaudited financial information of Yingrui for each of the two years ended 31 March 2014 and 2015 is set out as follow:

	For the year ended 31 March 2014	**For the year ended 31 March 2015**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net (loss)/profit before tax and extraordinary items	(3,974)	358,600
Net (loss)/profit after tax and extraordinary items	(3,974)	271,187

As at 31 March 2015, Yingrui had an unaudited net asset value of approximately RMB268,090,000.

Tenancy information of the Property

As at the Latest Practicable Date, the Property had the following existing tenancy agreements:

Tenant	Unit	Gross Floor Area (square meters)	Lease Commencement Date	Lease Expiry Date	Monthly Rent as at the Latest Practicable Date *(RMB)*	Remarks
張玫	Whole Level 1 Basement	911.57	1 August 2014	31 July 2024	173,040	3% increment of the rent for every year
Hang Seng Bank (China) Limited	Portion of 101, 107 & 108 on Level 1	200.48	1 September 2014	31 August 2019	150,360	5% increment of the rent for the 2nd and 3rd year; and 7% increment of the rent for the 4th and 5th year
南昌銀行股份有限公司廣州分行	Portion of 101, 103, 104, 105 & 106 on Level 1	383.71	1 March 2015	29 September 2020	249,412	5% increment of the rent for every year
廣州市越秀區天星學習能力培訓中心	Whole Level 2	808.83	20 November 2014	19 November 2024	145,589	5% increment of the rent for every year
黃毅豪	Whole Level 3	860.44	1 October 2014	30 September 2022	150,577	3% increment of the rent for every year starting from the 3rd year
廣州市唐盛文化休閒有限公司	Whole Level 4	855.82	1 January 2015	31 December 2024	628,792	5% increment of the rent for every year
曾志坤	Whole Levels 5 & 6	1,064.92	1 January 2015	31 December 2019	122,465	5% increment of the rent for every year
Total		**5,085.77**			**1,620,235**	

The Property has a total gross floor area of 6,795.54 square meters, of which 5,085.77 square meters are leasing to the above tenants. Levels 2 and 3 Basement of the Property with a total gross floor area of 1,709.77 square meters is vacant.

It is the intention of the Enlarged Group to hold the Property as an investment property to earn rental income and for capital appreciation.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of films, sub-licensing of film rights, sale of financial assets, property investment, money lending, design and sale of jewelry products, and development, distribution and marketing of personal care treatments, products and services.

The Seller is an investment holding company and its subsidiaries are principally engaged in the provision of financial services, such as provision of pawn loans services, real estate-backed loan service, financial leasing service, commercial factoring service, other loan service, and financial consulting services in the PRC and money lending service in Hong Kong.

The Purchaser is an investment holding company.

Following the disposal of all the Group's investment properties in 2013, the Directors have cautiously identified suitable investment properties and/or property projects for the Group's investment property business. The Directors believe that the Transaction provides an opportunity for the Group to acquire an investment property in the PRC, which generates a steady flow of rental income to the Group. The Directors also believe that the Transaction is in line with the Group's business strategy.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon completion of the Transaction, members of the Target Group will become indirect wholly owned subsidiaries of the Purchaser and their results will be consolidated into the Group's consolidated financial statements. The unaudited pro forma financial information of the Enlarged Group illustrating the financial effects of the Transaction on the assets, earnings and liabilities of the Group is set out in Appendix III to this circular.

Assets

As at 30 June 2015, the unaudited consolidated total assets of the Group amounted to HK$2,562,989,000. If the Transaction had been completed on 30 June 2015, the unaudited consolidated total assets of the Enlarged Group would have been increased to HK$2,899,378,000.

Earnings

Given that the Property has existing tenancy agreements generating monthly rental income of RMB1,620,235 (equivalent to approximately HK$1,976,000) exclusive of management fee and utility charges, it is expected that the earnings of the Enlarged Group will be strengthened upon completion of the Transaction.

Liabilities

As at 30 June 2015, the unaudited consolidated total liabilities of the Group amounted to HK$177,791,000. If the Transaction had been completed on 30 June 2015, the unaudited consolidated total liabilities of the Enlarged Group would have been increased to HK$515,580,000.

It should be noted that the above financial effects of the Transaction are for illustration purpose only. The exact financial effects are dependent on the consolidated net assets value of the Target Group on the date of completion of the Transaction, and are subject to the review by the Company's auditors.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Transaction exceeds 25% but all ratios are less than 100%, the Transaction constitutes a major transaction of the Company. Accordingly, the Transaction is subject to the reporting, announcement and shareholders' approval pursuant to Chapter 14 of the Listing Rules.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Transaction. The voting in relation to the Transaction at the SGM will be conducted by poll whereby any Shareholders and their close associates (as defined under the Listing Rules) who have a material interest in the Transaction shall abstain from voting on the resolutions in relation to the Transaction to be proposed at the SGM.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder and his/her/its close associates (as defined under the Listing Rules) has a material interest in the Transaction. As such, no Shareholder is required to abstain from voting under the Listing Rules if the Company is to convene a SGM for the approval of the Transaction.

Completion of the Transaction is subject to the satisfaction and/or waiver of the conditions precedent under the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

SGM

The Directors have resolved to convene the SGM to consider and, if thought fit, to approve the Transaction by the Shareholders.

The notice of SGM is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use by the Shareholders at the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting at the SGM in person.

RECOMMENDATION

The Directors consider that the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Transaction.

ADDITIONAL INFORMATION

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

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
For and on behalf of
Eternity Investment Limited
Lei Hong Wai
Chairman

FINANCIAL INFORMATION INCORPORATED BY REFERENCE

Financial information and management discussion and analysis of the Group for each of the three years ended 31 December 2012, 2013 and 2014 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.eternityinv.com.hk).

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2014 have been set out in pages 67 to 231 and pages 6 to 37 respectively of the annual report 2014 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429337.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2013 have been set out in pages 63 to 227 and pages 7 to 27 respectively of the annual report 2013 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2013:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0423/LTN20140423897.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2012 have been set out in pages 61 to 214 and pages 7 to 26 respectively of the annual report 2012 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2012:

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0402/LTN201304021974.pdf

STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 August 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had total borrowings of HK$208,696,000 representing:

(a) a loan of HK$8,767,000 granted to EDS by an Independent Third Party, which is interest bearing at 10.00% per annum, unsecured and maturing on 10 June 2016;

(b) a loan of HK$3,098,000 advanced by Koffman Investment Limited, a company which is 50% owned by Mr. Yu Zhen Hua, Johnny (the former chairman of the board of directors of EDS and a former director of EDS), which is interest bearing at 5.00% per annum, unsecured and maturing on 31 December 2015;

(c) the obligations under finance leases of HK$62,000 of which (i) HK$48,000 is interest bearing at 3.00% per annum and secured by a guarantee from Hong Kong Government, a joint and several guarantee from a director of a subsidiary and an Independent Third Party and the Enlarged Group's title to the leased assets, and (ii) HK$14,000 is non-interest bearing and secured by the Enlarged Group's title to the leased assets; and

(d) a bank loan of approximately RMB162,221,000 (equivalent to approximately HK$196,769,000) granted to Yonghan by Industrial and Commercial Bank of China Limited, which is carrying floating interest rate at the benchmark interest rate of The People's Bank of China upward by 10.00% per annum, secured by the Property and maturing on 21 April 2022.

Contingent liabilities

As at the close of business on 31 August 2015, the Enlarged Group had the following material litigations and contingent liabilities:

(a) On 15 April 2010, a claim was brought by China Finance & Assets Management Limited ("**China Finance**") in High Court Action No. 526 of 2010 against Rexdale Investment Limited ("**Rexdale**"), a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK$25,000,000 to China Finance. No provision for the claim was made in the audited consolidated financial statements of the Group for the year ended 31 December 2014 as Lafe Corporation Limited has undertaken to indemnify and keep indemnified the Enlarged Group against any and all losses, claims, damages, penalties, actions, demands, proceeding, judgment and costs arising from or in connection with the claim.

(b) On 20 March 2014, the Company announced that it came to its attention that a writ of summons in High Court Action No. 9 of 2014 was issued by The Grande Holdings Limited (in liquidation), Roderick John Sutton (as joint and several provisional liquidator of The Grande Holdings Limited), Fok Hei Yu (as joint and several provisional liquidator of The Grande Holdings Limited) and 65 other companies listed as plaintiffs against 25 defendants inclusive of One Synergy Limited ("**One Synergy**"), a wholly owned subsidiary of the Company. One Synergy has, as at the Latest Practicable Date, not been served with the writ.

The action alleges, inter alia, that One Synergy is liable to the plaintiffs as a constructive trustee and/or by way of equitable compensation and/or an accounts of profits and/or restitution and/or damages as a knowing recipient and/or by reason of the knowing or dishonest assistance in the breaches of trust and/or breaches of fiduciary duties by various of the defendants and/or by reason of dealings between One Synergy and the plaintiffs otherwise being voidable (and avoided), void, unlawful or illegal, in respect of its receipt of the shares in The Grande Properties Ltd. (now known as Rexdale).

Riche (BVI) Limited, a wholly owned subsidiary of the Company, acquired the entire issued share capital of Adelio Holdings Limited, which is the holding company of One Synergy, from Vartan Holdings Limited, an Independent Third Party, pursuant to a sale and purchase agreement dated 25 May 2011. One Synergy acquired the entire issued share capital of Rexdale from Lafe Corporation Limited, being one of the defendants, pursuant to a sale and purchase agreement dated 31 December 2010 (the "**Agreement**"). The entire issued share capital of Rexdale was sold by The Grande (Nominees) Ltd., being one of the plaintiffs, and The Grand Limited to Lafe Corporation Limited on or about 29 June 2007. The principal assets of Rexdale were the whole of the 1st floor and the flat roof, the whole of 6th to 12th floors, roof, external walls, two lavatories, three lorry parking spaces and eight private car parking spaces on the ground floor of an industrial building located in Kwun Tong, Kowloon, Hong Kong with a total gross floor of approximately 139,412 square feet exclusive of lavatories, lorry and private car parking spaces, flat roof and roof (collectively, the "**Kwun Tong Properties**"). The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an Independent Third Party, in July 2013.

One Synergy has sought counsel opinion on the writ and has been advised to defend the plaintiffs' claim in the said action. Counsel has advised that, based upon available evidence, there is nothing unusual in the Agreement and One Synergy would not have any express or constructive notice of the plaintiffs' alleged irregularities and/or fraudulent acts of the former directors and/or management officers of the plaintiffs and One Synergy should not be held liable to any part of the plaintiffs' claim and has good and valid defence thereto.

(c) On 23 January 2015, EDS received a writ of summons in High Court Action No. 200 of 2015 issued by Mr. Shum Yeung ("**Mr. Shum**") as plaintiff against EDS as defendant for the following claims:

(i) the Judgment in High Court Action No. 1775 of 2012 dated 6 September 2013 (the "**Summary Judgment**"), pursuant to which the Court of First Instance of the High Court of Hong Kong (the "**Court of First Instance**") adjudged that Mr. Shum (1) do pay EDS the sum of HK$39,128,000 together with contractual interest thereon calculated from day to day at the rate of 30% per annum from 1 May 2013 to 6 September 2013, and thereafter at judgment rate pursuant to s.48 of High Court Ordinance until payment; and (2) shall pay EDS the costs of the action including the costs of and occasioned by EDS's application for the Summary Judgment to be taxed if not agreed, entered against Mr. Shum be set aside;

(ii) loss and damages suffered by Mr. Shum as a result of the Summary Judgment being obtained against him;

(iii) an order for discovery upon oath of all matters relating to the Summary Judgment;

(iv) an order for payment of all sums found due to Mr. Shum together with the interest thereon at such rate and for such period as the Court of First Instance may deem just pursuant to the High Court Ordinance;

(v) the costs; and

(vi) further or other relief.

(d) On 30 March 2015, EDS received a statement of claim in the High Court of Hong Kong filed by Mr. Shum in relation to High Court Action No. 200 of 2015.

(e) On 1 April 2015, the Contractor commenced a lawsuit against Yingrui at the People's Court of the Yuexiu District, Guangzhou City with respect to certain outstanding payment of approximately RMB11,427,000 (not including accrued interest) (equivalent to approximately HK$13,860,000) under the construction contract between Yingrui and the Contractor for the construction of the Property. The disputed amount of the lawsuit includes working progress fee of RMB1,420,000 (equivalent to approximately HK$1,722,000), performance bond of RMB1,000,000 (equivalent to approximately HK$1,213,000) and construction fee of approximately

RMB9,007,000 (equivalent to approximately HK$10,925,000). On 7 April 2015, the People's Court of the Yuexiu District, Guangzhou City upon application of the Contractor, issued a seizure order on certain units within the Property to protect the interest of the Contractor to the extent of approximately RMB15,000,000 (equivalent to approximately HK$18,195,000) in value. The lawsuit is now pending further review by the People's Court of the Yuexiu District, Guangzhou City.

Regarding the lawsuit, the Target Company has secured an unconditional undertaking from the Original Seller under which that the Original Seller agrees to pay to the Target Company or its assignee by way of damages an amount equal to any and all losses incurred by Yingrui and/or the Target Company resulting from, arising out of or in relation to the lawsuit, including without limitation payment under final effective judgment or settlement, and all other costs and expenses incurred in relation to the lawsuit.

Commitments

As at the close of business on 31 August 2015, the Enlarged Group had a total commitment of HK$1,959,223,000 relating to:

(a) the subscription of the second tranche of convertible notes to be issued by China Star Entertainment Limited ("**China Star**", stock code: 326) in the principal amount of HK$300,000,000 pursuant to the conditional subscription agreement dated 21 January 2011 (as amended and supplemented by the supplemental agreements entered into on 28 March 2011, 29 June 2012 and 31 December 2013 respectively by the parties to the conditional subscription agreement). The subscription of the second tranche of convertible notes is conditional upon the fulfillment of the conditions precedent set out in the conditional subscription agreement, including the availability of sufficient fund by the Company. On 29 June 2012, the completion date of subscription was extended from 30 June 2012 to 31 December 2013. On 31 December 2013, the completion date of subscription was further extended from 31 December 2013 to 31 December 2015;

(b) loan commitments in the aggregate principal amount of HK$9,000,000 pursuant to the building mortgages and the loan agreements entered into between the Enlarged Group and its customers;

(c) the consideration of HK$1,650,000,000 for the proposed acquisition of the entire shareholding interest in Smart Title Limited and the assignment of the shareholder's loan due by Smart Title Limited (the "**Proposed Acquisition**") pursuant to the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) entered into between the Company as purchaser, Unique Talent Group Limited, a wholly owned subsidiary of Jiuhao Health, as vendor and Jiuhao Health as guarantor. The consideration shall be settled as to (i) HK$600,000,000 by cash and (ii) HK$1,050,000,000 by the issue of a share entitlement note, which entitles the holder thereof to call for the allotment and issue of 1,500,000,000 new Shares at a price of HK$0.70 per Share. The Proposed Acquisition is conditional upon the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements entered into on 30 March 2015 and 12 June 2015 respectively by the parties to the conditional sale and purchase agreement); and

(d) capital commitments for the Property amounted to approximately HK$223,000 which was contracted but not provided for as at 31 August 2015.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 August 2015, the Enlarged Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other contingent liabilities.

Save as aforesaid, the Directors confirmed that there had been no material change to the indebtedness and contingent liabilities of the Enlarged Group since 31 August 2015 and up to the Latest Practicable Date.

WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Enlarged Group including the internally generated funds, the Enlarged Group will have sufficient working capital for at least 12 months from the Latest Practicable Date.

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Enlarged Group since 31 December 2014, being the date to which the latest published audited consolidated accounts of the Group were made up.

AN INTEREST IN THE SHARE CAPITAL OF A COMPANY ACQUIRED AFTER 31 DECEMBER 2014, BEING THE DATE TO WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

On 6 October 2015, the Enlarged Group acquired the entire shareholding interest in Smart Title Limited and the shareholder's loan due by Smart Title Limited pursuant to the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) entered into between the Company as purchaser, Unique Talent Group Limited as vendor and Jiuhao Health as guarantor at a consideration of HK$1,650,000,000. Smart Title Limited is an investment holding company and its subsidiaries are principally engaged in the provision of recreational and wellness services through the management of a membership-based luxury club, and property investment.

The consideration of HK$1,650,000,000 was settled as to HK$600,000,000 by cash, which was financed by the internal resources of the Enlarged Group and the net proceeds from the rights issue announced by the Company on 15 May 2015, and as to HK$1,050,000,000 by the allotment and issue of 1,500,000,000 new Shares at an issue price of HK$0.70 per Share.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As the Federal Reserve is still expected to raise its policy rate before the end of 2015, the Hong Kong equity market faces the challenges from a strong United States dollar and potential volatility from the Federal Reserve's policy normalisation. In addition, concerns over the PRC's slowing economy sparked market corrections in all major equity markets in August 2015. Accordingly, the Directors expect the Hong Kong equity market remains volatile in the remainder of 2015. The Directors will cautiously monitor the equity market, change the Enlarged Group's equities portfolio mix from time to time and realise the Enlarged Group's equities into cash as and when appropriate. The Enlarged Group will continue to adopt a conservative investment approach towards its sale of financial assets business in 2015.

The new round of mortgage-tightening measures targeting small to medium size flats rolled out by the Hong Kong Monetary Authority in February 2015 to cool the overheated housing market did not weaken market sentiment. Prices for both luxury and mass-market homes continued to hit record highs. The Directors believe that the first interest rate increase may pose threat to Hong Kong's home prices. Therefore, the Enlarged Group has adopted a wait-and-see approach toward Hong Kong's housing market. Despite the housing transaction volumes suppressed by the Government's administrative measures, the transaction volumes for office properties in Hong Kong recorded an increase in the first half of 2015. This increase is attributable to the continuous growth in the office leasing market. In view of growing demand from Mainland Chinese financial firms for office premises and limited new supply in Hong Kong Island, the Enlarged Group is exploring opportunities in investing office premises in Hong Kong.

To expand its property investment business into the PRC, the Company as purchaser entered into the conditional sale and purchase agreement (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 entered into by the parties to the conditional sale and purchase agreement) with Unique Talent Group Limited, a wholly owned subsidiary of Jiuhao Health, as vendor and Jiuhao Health as guarantor relating to the Proposed Acquisition on 11 December 2014. Smart Title Limited and its subsidiaries have two major assets, which are (i) the rights to manage and operate a membership-based golf club and resort in Beijing, the PRC (the "**Club**") up to 31 December 2051 and (ii) the rights to develop and operate a land adjacent to the Club (the "**Subject Land**") and the rights to manage the properties erected on the Subject Land up to 30 January 2062. Both the Club and the Subject Land are located in Beijing. The Subject Land is intended to be developed into a low-density deluxe hotel villas community and a high-end hotel apartment complex. The Enlarged Group intends to hold the Club and the Subject Land as long-term investments for rental purposes. The Proposed Acquisition was completed on 6 October 2015.

Following completion of the Transaction, members of the Target Group will become indirect wholly owned subsidiaries of the Purchaser. The Directors believe that the Transaction will not only provide the Enlarged Group with an opportunity for capital appreciation of the Property, but also a stable income source to the Enlarged Group, which strengthens the business of the Enlarged Group.

With the active expansion in the second half of 2013 and the first half of 2014, the Enlarged Group's money lending business recorded a significant growth in the year ended 31 December 2014 as compared to the previous year. The Enlarged Group will slow down its pace of expanding money lending business in 2015 as certain internal cash resources of the Enlarged Group will be allocated to finance the operations of Smart Title Limited and its subsidiaries. Therefore, the Enlarged Group's money lending business may experience decrease in its interest income on loans in coming years.

According to the Census and Statistic Department, the total retail sales in Hong Kong for the first quarter of 2015 were down by 2.3% year-on-year. With the implementation of a tightened policy on Chinese tourists in response to mounting concern on capacity constraints, the Directors do not expect any growth in EDS's sale of beauty products and provision of therapy services in 2015.

With a view to improve its profitability, EDS as issuer entered into a conditional subscription agreement with six subscribers relating to the proposed subscription of new EDS shares and new convertible preferred shares of EDS on 17 February 2015. The Directors believe that the entering into the conditional subscription agreement represents a good opportunity for EDS to (i) raise a substantial amount of additional funds for future business development in in-flight WLAN and WIFI engineering and service business, which is in a segment difference from the existing business of EDS, (ii) improve its financial position and liquidity and (iii) leverage on the expertise and business network of Mr. Cai Zhaoyang, who is the majority shareholder and the sole director of the major subscriber, to take advantage of the expected strong growth in the avionic engineering and service business sector in the PRC. Upon completion of the proposed subscription, the Enlarged Group is deemed to dispose of a substantial percentage in its shareholding interest in EDS and EDS ceases to be a subsidiary of the Company. The Enlarged Group's investment in EDS is accounted for as available-for-sale investment. The Directors consider that, following completion, the Enlarged Group as a shareholder holding 52,500,000 ordinary EDS shares will continue to benefit from the increase in market price of ordinary EDS shares driven by the improvement in the EDS group's profitability.

The Enlarged Group's design and sale of jewelry products business recorded a positive result since its commencement in October 2014. Consumer spending in the countries where the Enlarged Group's target customers locate were weak in the first quarter of 2015. As the current economic indicators suggest the economies of these countries are finding momentum in the second quarter, consumer spending in these countries rebounded stronger than expected in recent months. The Directors predict consumer spending in these countries could be fairly strong in 2015 as low inflation gives households more disposable income to spend. Accordingly, the Directors anticipate that the sales volume will show a moderate growth in 2015. In order to solidify the foundation of the Enlarged Group's design and sale of jewelry products business, business plans, which include setting up overseas subsidiaries and participating overseas tradeshows and exhibitions, are being formulated for increasing direct export sales to jewelry wholesalers and retailers in Europe and the Middle East.

In 2015, the Directors will continue to cautiously monitor the business environment and strengthen the Enlarged Group's business foundation by focusing the Enlarged Group's existing businesses. In addition to focusing on the Enlarged Group's existing businesses, the Directors will continue to cautiously identify suitable investment opportunities for the Enlarged Group to diversify its businesses and broaden its revenue.

A. ACCOUNTANTS' REPORT OF THE TARGET GROUP

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

20 October 2015

The Board of Directors
Eternity Investment Limited
Unit 3811
Shun Tak Centre, West Tower,
168-200 Connaught Road Central
HONG KONG

Dear Sirs

We set out below our report on the financial information (the "**Financial Information**") of Best Volume Investments Limited ("**Best Volume**") and its subsidiaries (the "**Best Volume Group**") for the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015 (the "**Relevant Periods**"), for inclusion in the circular dated 20 October 2015 (the "**Circular**") issued by Eternity Investment Limited (the "**Company**") in connection with the proposed acquisition of the entire equity interests in Best Volume, pursuant to a sale and purchase agreement dated 7 September 2015. The Financial Information of the Best Volume Group comprised the consolidated statements of financial position as at 31 December 2014 and 31 August 2015, and 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 for the Relevant Periods, and a summary of significant accounting policies and other explanatory information.

Best Volume was incorporated in the British Virgin Islands (the "**BVI**") with limited liability on 2 May 2014 with an authorised share capital of USD50,000.

The financial year end date of the Best Volume Group is 31 December.

No audited financial statements have been prepared for Best Volume since its date of incorporation as there are no statutory requirements for Best Volume to prepare audited financial statements.

No audited financial statements have been prepared for Virtue Crest Investments Limited, a wholly owned subsidiary of Best Volume since its date of incorporation as there are no statutory requirements for Virtue Crest Investments Limited to prepare audited financial statements.

The financial statements of Radiant Beauty Limited ("**Radiant**"), a wholly owned subsidiary of Best Volume, for the period from 7 February 2014 (date of incorporation) to 31 December 2014 have been prepared in accordance with relevant accounting principles and financial regulations applicable to Hong Kong enterprises. The financial statements of Radiant for the period from 7 February 2014 (date of incorporation) to 31 December 2014 were audited by us.

The financial statements of Guangzhou Junxin Environmental Monitoring Co., Ltd ("**Junxin**"), a wholly owned subsidiary of Best Volume, for the period from 21 May 2014 (date of incorporation) to 31 December 2014 have been prepared in accordance with relevant accounting principles and financial regulations applicable to the People's of Republic China (the "**PRC**") enterprises. The PRC statutory financial statements of Junxin for the period from 21 May 2014 (date of incorporation) to 31 December 2014 were audited by Guangzhou Qiyuan Certified Public Accountants.

The financial statements of Guangzhou Yonghan Investment Management Co. Ltd. ("**Yonghan**"), a wholly owned subsidiary of Best Volume, for the period from 30 May 2013 (date of incorporation) to 31 December 2013 and the year ended 31 December 2014 have been prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The PRC statutory financial statements of Yonghan for the period from 30 May 2013 (date of incorporation) to 31 December 2013 were audited by Guangzhou Hongjian Certified Public Accounting Co., Ltd. The PRC statutory financial statements of Yonghan for the year ended 31 December 2014 were audited by Guangzhou Qiyuan Certified Public Accountants.

The financial statements of Guangzhou Yinmao Environmental Protection Technology Co. Ltd. ("**Yinmao**"), a wholly owned subsidiary of Best Volume, for the period from 3 September 2013 (date of incorporation) to 31 December 2013 and the year ended 31 December 2014 have been prepared in accordance with relevant accounting principles and financial regulations applicable to PRC enterprises. The PRC statutory financial statements of Yinmao for the period from 3 September 2013 (date of incorporation) to 31 December 2013 were audited by Guangzhou Fuyangjianda Certified Public Accountants Ltd. The PRC statutory financial statements of Yinmao for the year ended 31 December 2014 were audited by Guangzhou Qiyuan Certified Public Accountants.

The financial statements of Guangzhou Yingrui Real Estate Development Co. Ltd. ("**Yingrui**"), a wholly owned subsidiary of Best Volume, for each of the years ended 31 December 2012, 2013 and 2014 have been prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The PRC statutory financial statements of Yingrui for the year ended 31 December 2012 were audited by Guangzhou Jiazhou Certified Public Accountants Co., Ltd in the PRC. The PRC statutory financial statements of Yingrui for the year ended 31 December 2013 were audited by Guangzhou Fuyangjianda Certified Public Accountants Ltd. The PRC statutory financial statements of Yingrui for the year ended 31 December 2014 were audited by Guangzhou Qiyuan Certified Public Accountants.

Basic of preparation

The Financial Information of the Best Volume Group for the Relevant Periods has been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institutes of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Companies Ordinance. The Financial Information of the Best Volume Group for the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information of the Best Volume Group set out in this report has been prepared from the unaudited financial statements with no adjustment made thereon.

Responsibility of the directors

For the purpose of this report, the directors of Best Volume have prepared the consolidated financial statements of the Best Volume Group for the Relevant Periods in accordance with the HKFRSs issued by the HKICPA (the "**Underlying Financial Statements**") and for such internal control as the directors of Best Volume determine is necessary to enable the preparation of the Underlying Financial Information of the Best Volume Group that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of the Circular in which this report is included.

Responsibility of reporting accountants

Our responsibility is to express opinion on the Financial Information of the Best Volume Group based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Information of the Best Volume Group is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Audit Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information of the Best Volume Group. The procedures selected depend on the reporting accountants' judgement, including the assessment of the risks of material misstatement of the Financial Information of the Best Volume Group, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information of the Best Volume Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information of the Best Volume Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information of the Best Volume Group together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of the Best Volume Group as at 31 December 2014 and 31 August 2015, and of the Best Volume Group's result and cash flows for the Relevant Periods then ended.

I. FINANCIAL INFORMATION OF THE BEST VOLUME GROUP

Consolidated statements of profit or loss and other comprehensive income

	Notes	For the period from 2 May 2014 (date of incorporation) to 31 December 2014 HK$'000	Eight months ended 31 August 2015 HK$'000
Revenue	7	1,620	16,785
Other revenue		8	10
Gain arising on change in fair value of investment properties	13	6,210	6,011
Administrative expenses		(276)	(1,910)
Finance costs	8	(2,741)	(9,825)
Profit before tax	9	4,821	11,071
Income tax expenses	11	(1,552)	(1,523)
Profit for the period		3,269	9,548
Other comprehensive income/(loss) for the period, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		515	(13,907)
Total comprehensive income/(loss) for period		3,784	(4,359)
Profit attributable to:			
Owner of Best Volume		3,269	9,548
Total comprehensive income/(loss) attribution to:			
Owner of Best Volume		3,784	(4,359)

The accompanying notes form an integral part of the Financial Information of the Best Volume Group.

Consolidated statements of financial position

	Notes	At 31 December 2014 HK$'000	At 31 August 2015 HK$'000
Non-current assets			
Investment properties	*13*	617,718	604,304
Goodwill	*14*	46,498	46,498
		664,216	650,802
Current assets			
Rental receivables	*15*	2,012	9,441
Prepayment and other receivables	*16*	45	1,409
Amount due from a fellow subsidiary	*17*	59,384	15,340
Cash and cash equivalents	*18*	12,661	8,854
		74,102	35,044
Current liabilities			
Accruals and other payables	*19*	16,994	571
Deposits received and receipt in advance		2,392	3,073
Amount due to the ultimate holding company	*20*	380,743	—
Bank borrowings — secured	*21*	30,751	29,515
		430,880	33,159
Net current (liabilities)/assets		(356,778)	1,885
Total assets less current liabilities		307,438	652,687

	Notes	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*
Non-current liabilities			
Deferred tax liabilities	*22*	108,899	105,976
Bank borrowings — secured	*21*	194,755	167,254
		303,654	273,230
Net assets		3,784	379,457
Capital and reserves			
Share capital	*23*	—	—
Reserves		3,784	379,457
Total equity		3,784	379,457

The accompanying notes form an integral part of the Financial Information of the Best Volume Group.

Consolidated statements of changes in equity

	Share capital	Exchange reserve	Other reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 2 May 2014 (date of incorporation)	—	—	—	—	—
Profit for the period	—	—	—	3,269	3,269
Other comprehensive income for the period	—	515	—	—	515
At 31 December 2014	—	515	—	3,269	3,784
Shareholder contribution *(Note)*	—	—	380,032	—	380,032
Profit for the period	—	—	—	9,548	9,548
Other comprehensive loss for the period	—	(13,907)	—	—	(13,907)
At 31 August 2015	—	(13,392)	380,032	12,817	379,457

Note:

Pursuant to the agreement dated 14 July 2015 entered into between Best Volume and its ultimate holding company, the ultimate holding company agreed to waive the consideration for the acquisition of Virtus Crest Investments Limited and its subsidiaries (note 24) which was settled by the ultimate holding company. The amount will be recognised in other reserve.

The accompanying notes form an integral part of the Financial Information of the Best Volume Group.

Consolidated statements of cash flows

	Note	For the period from 2 May 2014 (date of incorporation) to 31 December 2014	Eight months ended 31 August 2015
		HK$'000	*HK$'000*
OPERATING ACTIVITIES			
Profit before tax		4,821	11,071
Adjustments for:			
Bank interest income		(8)	(10)
Fair value changes in investment properties		(6,210)	(6,011)
Finance costs		2,741	9,825
Operating cash flows before movements in working capital		1,344	14,875
Increase in rental receivables		(2,012)	(7,429)
Decrease/(increase) in prepayment and other receivables		76,903	(1,364)
(Increase)/decrease in amount due from a fellow subsidiary		(67,660)	42,406
Increase/(decrease) in accruals and other payables		719	(15,926)
Increase in deposits received and receipt in advance		1,800	184
Increase in amount due to the ultimate holding company		711	—
Cash generated from operating activities		11,805	32,746
Income tax paid		—	(20)
Interest paid		(2,741)	(9,825)
Net cash generated from operating activities		9,064	22,901
INVESTING ACTIVITIES			
Issue of share		—	—
Interest received		8	10
Additions on investment properties		(869)	(5,798)
Net cash inflow on acquisition of subsidiaries	*24*	9,485	—
Net cash generated from/(used in) investing activities		8,624	(5,788)

	Note	For the period from 2 May 2014 (date of incorporation) to 31 December 2014	Eight months ended 31 August 2015
		HK$'000	HK$'000
FINANCING ACTIVITY			
Repayment of secured bank borrowings		(4,770)	(20,378)
Net cash used in financing activity		(4,770)	(20,378)
Net increase/(decrease) in cash and cash equivalents		12,918	(3,265)
Effect of foreign exchange rate changes		(257)	(542)
Cash and cash equivalents at the beginning of period		—	12,661
Cash and cash equivalents at the end of period		12,661	8,854
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		12,661	8,854

II. NOTES TO THE FINANCIAL INFORMATION OF THE BEST VOLUME GROUP

1. GENERAL INFORMATION

Best Volume was incorporated in the BVI on 2 May 2014 with limited liability. The address of the registered office of Best Volume is P.O. Box 957. Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands and principal place of business of Best Volume is Unit 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The principal activity of Best Volume is investment holding and the principal activities of its subsidiaries are set out in note 25 to the Financial Information of the Best Volume Group.

The ultimate holding company of Best Volume is Sino Credit Holdings Limited ("**Sino Credit**"), a company incorporated in Bermuda with limited liability, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Financial Information of the Best Volume Group for the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015 are presented in thousands of Hong Kong dollars ("**HK$'000**"), which is the same as the functional currency of the Best Volume Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

For the purpose of preparing and presenting the Financial Information of the Best Volume Group for the Relevant Periods, the Best Volume Group has consistently applied HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA that are effective for the accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

At the date of this report, the Best Volume Group has not applied the following new or revised standards, amendments and interpretations ("**new or revised HKFRSs**") that have been issued by the HKICPA but are not yet effective:

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

The directors of Best Volume are in the assessing the potential impact of the above new, amended and revised HKFRSs upon initial application but is not get in a position to state whether the above new and revised HKFRSs will have a significant on the Best Volume Group's results of operations and financial position.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 which incorporated all requirements in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of Best Volume is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not get in a position to state whether the above new and revised HKFRSs will have a significant impact on the results of operations and financial position of the Best Volume Group.

(b) Basis of preparation

The Financial Information of the Best Volume Group have been prepared on the historical cost basis except for certain properties which have been carried at fair value, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Best Volume Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Information of the Best Volume Group is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) inactive market for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liabilities, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The Financial Information of the Best Volume Group incorporates the financial statements of Best Volume and entities (including structured entities) controlled by Best Volume and its subsidiaries. Control is achieved when Best Volume:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Best Volume 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 listed above.

When the Best Volume Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Best Volume Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Best Volume Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Best Volume Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Best Volume Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Best Volume Group obtains control over the subsidiary and ceases when the Best Volume Group losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Best Volume Group gains control until the date when the Best Volume Group cease to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owner of Best Volume and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of Best Volume and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Best Volume Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Best Volume Group are eliminated in full on consolidation.

(d) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Best Volume Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Best Volume Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Best Volume Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Best Volume Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured at the date of exchange and, all acquisition-related costs are expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Best Volume Group recognises any non-controlling interest in the acquire at the non-controlling interest's proportionate share of the acquiree's net asset.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiaries acquired in the case of a bargain purchase, the differences is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changes where necessary to ensure consistency with the policy adopted by the Best Volume Group.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Best Volume Group and the revenue and costs, if measured reliably, revenue is recognised in profit or loss as follows:

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

The Best Volume Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

(f) Income tax expenses

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Best Volume Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information of the Best Volume Group and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Best Volume Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the Relevant Periods

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

(h) Financial instruments

Finanical assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contracted provisions of the instrument.

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

Financial assets

The Best Volume Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans an receivables (including rental receivables, other receivables, amount due from a fellow subsidiary and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the Relevant Periods. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) breach of contract, such as default or delinquency in interest and principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(iv) disappearance of an active market for the financial asset because of financial difficulties.

For certain categories of financial asset, assets that are assessed not to be impaired individually, are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Best Volume Group's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

The Best Volume Group's financial liabilities (including accruals and other payables, amount due to the ultimate holding company and bank borrowings) are subsequently measured at amortised cost, using effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

On derecognition of a financial asset other than in its entirety, the Best Volume Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Best Volume Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Best Volume Group. A contingent asset is not recognised but is disclosed when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(j) Related parties transaction

(1) A person or a close member of that person's family is related to the Best Volume Group if that person:

(i) has control or joint control over the Best Volume Group;

(ii) has significant influence over the Best Volume Group; or

(iii) is a member of the key management personnel of the Best Volume Group or of a parent of the Best Volume Group.

(2) An entity is related to the Best Volume Group if any of the following conditions applies:

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

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

(iii) both entities 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 party.

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

(vi) the entity is controlled or jointly controlled by a person identified in (1).

(vii) a person identified in (1)(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).

Close family members of an individual are those family member who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(k) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the target group, liabilities incurred by the target group to the former owners of the acquiree and the equity interests issued by the target group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognisedand measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by- transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the target group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the target group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the target group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the target group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(l) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the target group's CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(m) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. All of the Best Volume Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gain and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

(n) Impairment losses on assets other than goodwill

At the end of each of the Relevant Periods, the Best Volume Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

(o) Leasing

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

The Best Volume Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Best Volume Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate or return on the Best Volume Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Best Volume Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

(p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Best Volume Group's foreign operations are translated into the presentation currency of the Best Volume Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Best Volume Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owner of Best Volume are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Best Volume Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Best Volume Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Best Volume Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not really apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Impairment of receivables

The provision policy for doubtful debts of the Best Volume Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Best Volume Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

(b) Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Best Volume Group determines the amount within a range of reasonable fair value estimates including:

(i) current prices in an active market for property of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and

(ii) recent prices of similar property in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The Best Volume Group uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumption underlying management's estimation of fair value is related to the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and without compulsion.

The Best Volume Group assesses the fair value of investment properties based on valuation determined by qualified independent professional surveyors.

(c) Impairment for goodwill

The Best Volume Group perform test on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 2. The recoverable amounts of CGUs are determined based on value in use calculations.

These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations.

(d) Income taxes

The Best Volume Group is subject to income taxes in numerous tax authorities. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Best Volume Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. FINANCIAL INSTRUMENTS

(a) Financial instruments by categories

The carrying amount of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

	At 31 December 2014	At 31 August 2015
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables		
— rental receivables	2,012	9,441
— other receivables	27	1,409
— amount due from a fellow subsidiary	59,384	15,340
— cash and cash equivalents	12,661	8,854
Financial liabilities		
At amortised cost		
— accruals and other payables	16,994	571
— amount due to the ultimate holding company	380,743	—
— bank borrowings — secured	225,506	196,769

(b) Financial risk management objective and policies

The Best Volume Group's major financial instruments include amount due from a fellow subsidiary, cash and cash equivalents, other payables and amount due to the ultimate holding company. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The main risks arising from the

Best Volume Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The directors of Best Volume review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Best Volume Group's maximum exposure to credit risk which will cause a financial loss to the Best Volume 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.

The credit risk on liquid funds is limited because the counterparties are banks which are reputable in the opinion of management.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Best Volume Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

The Best Volume Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow are the general source of funds to finance the operation of the Best Volume Group. The Best Volume Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Best Volume Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Best Volume Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate	Total carrying amount	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flows
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 August 2015						
Accruals and other payables	—	571	571	—	—	571
Bank borrowings — secured	6.84	196,769	—	42,934	205,413	248,347
		197,340	571	42,934	205,413	248,918
At 31 December 2014						
Accruals and other payables	—	16,994	16,994	—	—	16,994
Amount due to the ultimate holding company	—	380,743	380,743	—	—	380,743
Bank borrowings — secured	7.16	225,506	—	46,165	243,558	289,723
		623,243	397,737	46,165	243,558	687,460

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Best Volume Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Best Volume Group to fair value interest rate risk. The Best Volume Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Best Volume Group's cash flow interest rate risk relates primarily to floating rate bank loans. It is the Best Volume Group's policy to keep its bank borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market rates quoted by the PRC arising from the Best Volume Group's Renminbi denominated borrowings.

Sensitivity analysis on floating rate bank loans

The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate bank balances and borrowings at the end of the reporting periods. The analysis is prepared assuming the bank balances and borrowings outstanding at the end of the reporting periods were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Best Volume Group's:

- profit for the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015 would increase/decrease by approximately HK$1,064,000 and HK$940,000 respectively. This is mainly attributable to the Best Volume Group's exposure to interest rates on its floating rate bank balances and borrowings.

The Best Volume Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Currency risk

The Best Volume Group has minimal exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Best Volume Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Best Volume Group will monitor its foreign currency and will consider hedging significant foreign currency exposure should the need arise.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

(1) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(2) The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurement recognised in the consolidated statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2014 and 31 August 2015.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Best Volume Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the Relevant Periods.

5. CAPITAL RISK MANAGEMENT

The primary objective of the Best Volume Group's capital management is to safeguard the Best Volume Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Best Volume Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Best Volume may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Best Volume Group's objectives, policies or processes for managing capital remain unchanged during the Relevant Periods.

The Best Volume Group monitors capital using a gearing ratio, which is total borrowings divided by total assets. The Best Volume Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of each of the Relevant Periods are as follows:

	At 31 December 2014 *HK$'000*	**At 31 August 2015** *HK$'000*
Total borrowings	606,249	196,769
Total assets	738,318	685,846
Gearing ratio	82.11%	28.69%

Total borrowings comprise amount due to the ultimate holding company and secured bank borrowings as detailed in notes 20 and 21 respectively.

6. SEGMENT INFORMATION

The Best Volume Group currently operates in one business segment. A single management team reports to the chief operating decision makers who comprehensively manage the entire business. For the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015, all of the Best Volume Group's assets are derived and located in the PRC. Accordingly, the Best Volume Group does not have separate reportable segments.

7. REVENUE

	For the period from 2 May 2014 (date of incorporation) to 31 December 2014 *HK$'000*	**Eight months ended 31 August 2015** *HK$'000*
Rental income	1,620	16,785

8. FINANCE COSTS

	For the period from 2 May 2014 (date of incorporation) to 31 December 2014 *HK$'000*	**Eight months ended 31 August 2015** *HK$'000*
Interest on bank borrowings not wholly repayable within five years	2,741	9,825

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the period from 2 May 2014 (date of incorporation) to 31 December 2014	Eight months ended 31 August 2015
	HK$'000	*HK$'000*
Auditors' remuneration	—	—
Directors' remuneration *(note 10)*	—	—
Other staff cost	—	—
Other staff's retirement contribution	—	—

10. DIRECTORS' AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

(a) Directors' emoluments

	Fees	Salaries, allowances and benefits in kind	Mandatory provident fund contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the eight months ended 31 August 2015				
Chung Tat Fun	—	—	—	—
Chung Ho Chun (appointed on 5 August 2015)	—	—	—	—
Wong Yee Shuen, Regina (resigned on 5 August 2015)	—	—	—	—
	—	—	—	—

	Fees	Salaries, allowances and benefits in kind	Mandatory provident fund contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the period from 2 May 2014 (date of incorporation) to 31 December 2014				
Chung Tat Fun (appointed on 20 May 2014)	—	—	—	—
Wong Yee Shuen, Regina (appointed on 20 May 2014)	—	—	—	—
	—	—	—	—

The emoluments of the directors fell within the following bands:

	For the period from 2 May 2014 (date of incorporation) to 31 December 2014	Eight months ended 31 August 2015
Nil to HK$1,000,000	2	3

(b) Employees' emoluments

No employees' emoluments were paid during the Relevant Periods of the Best Volume Group.

During the Relevant Periods, no emoluments were paid by the Best Volume Group to any of its directors or the highest paid individuals of the Best Volume Group (including directors and employees) as an inducement to join, or upon joining the Best Volume Group or as compensation for loss of office. None of the Best Volume Group's director waived any emoluments during the Relevant Periods.

11. INCOME TAX EXPENSES

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the Relevant Periods. The Best Volume Group has no assessable profit under Hong Kong profits tax for the Relevant Periods.

The PRC Enterprise Income Tax ("**EIT**") is calculated at the applicable rates based on estimated taxable income earned by the Best Volume Group with certain tax preferences, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to the enterprise income tax rules and regulation of the PRC, the applicable PRC EIT rate of the Best Volume Group is 25%.

	For the period from 2 May 2014 (date of incorporation) to 31 December 2014	Eight months ended 31 August 2015
	HK$'000	*HK$'000*
Current tax for the period		
— the PRC EIT	—	20
Deferred taxation		
— the PRC	1,552	1,503
	1,552	1,523

The taxation for the period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the period from 2 May 2014 (date of incorporation) to 31 December 2014	Eight months ended 31 August 2015
	HK$'000	*HK$'000*
Profit before tax	4,821	11,071
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,206	2,768
Tax effect of income not taxable for tax purpose	(1,552)	(1,502)
Tax effect of temporary difference not recognised	1,552	1,502
Tax effect of tax losses ultilised	—	(1,246)
Tax effect of tax losses not recognised	345	—
Tax effect of expenses not deductible for tax purpose	1	1
Income tax expenses for the period	1,552	1,523

12. DIVIDENDS

No dividend was paid or proposed during the Relevant Periods nor has any dividend been proposed since the end of the Relevant Periods.

13. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 2 May 2014 (date of incorporation)	—
Acquisition during the period *(note 24)*	609,701
Additions	869
Net gain on fair value change	6,210
Exchange adjustments	938
At 31 December 2014 and 1 January 2015	617,718
Additions	5,798
Net gain on fair value change	6,011
Exchange adjustments	(25,223)
At 31 August 2015	604,304

Fair value gain on investment properties revaluation included in profit or loss for the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015 amounting to approximately HK$6,210,000 and HK$6,011,000 respectively. The direct operating expense from investment properties amounting to approximately HK$1,338,000 and HK$3,209,000 for the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015 respectively.

The fair value of the Best Volume Group's investment properties at date of acquisition, 31 December 2014 and 31 August 2015 has been arrived at on the basis of valuations carried out on the respective dates by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("**Cushman & Wakefield**"), independent qualified professional valuers not connected with the Best Volume Group. Cushman & Wakefield have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The highest and best use of the investment properties is its current use in estimating the fair value of the properties.

The fair value was determined based on the income approach. It operates by taking into account the net rental income of the properties derived from the existing tenancy with due allowance for the reversionary income potential, which are then capitalised into the value at an appropriate capitalisation rate. The market rentals are assessed by reference to the rentals achieved in the lettable units of the investment properties. The capitalisation rate is determined by reference to the yields derived from analysing the sales transaction of similar commercial properties in the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Best Volume Group's investment properties.

During the Relevant Periods, the management:

- verifies all major inputs to the independent valuation report;
- assess property valuations movements when compared to the valuation report as at acquisition date; and
- holds discussions with the independent valuers.

Significant unobservable inputs used to determine the fair value as at 31 December 2014 and 31 August 2015:

Description	Fair value at 31 August 2015	Valuation technique	Fair value hierarchy	Range of significant unobservable inputs	
				Market unit rent on gross floor area basis	Capitalistion rate
	HK$'000			*(Note (i))*	*(Note (ii))*
Investment properties located in the PRC	604,304	Income approach	Level 3	RMB349 to RMB1,101 per month per square metre	3.75% to 4.75%

Description	Fair value at 31 December 2014	Valuation technique	Fair value hierarchy	Range of significant unobservable inputs	
				Market unit rent on gross floor area basis	Capitalistion rate
	HK$'000			*(Note (i))*	*(Note (ii))*
Investment properties located in the PRC	617,718	Income approach	Level 3	RMB349 to RMB1,101 per month per square metre	3.75% to 4.75%

Note:

Description of the sensitivity in unobservable inputs and interrelationship:

(i) The fair value measurement is positively correlated to the unobservable input that a higher factor will result in a higher fair value.

(ii) The fair value measurement is negatively correlated to the unobservable input that a lower factor will result in a higher fair value.

The Best Volume Group believes that possible changes in the input would not cause significant change in fair value of the investment properties.

Details of the Best Volume Group's investment properties and information about the fair value hierarchy as at 31 December 2014 and 31 August 2015 are as follows:

	Level 1	**Level 2**	**Level 3**	**Fair value at 31 August 2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties located in the PRC	—	—	604,304	604,304

	Level 1	**Level 2**	**Level 3**	**Fair value at 31 December 2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties located in the PRC	—	—	617,718	617,718

There were no transfers into or out of Level 3 during the Relevant Periods.

The investment properties are either leased out in return of receiving rental income or held for capital appreciation and are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in the PRC and are held under medium term lease.

During the Relevant Periods, the Best Volume Group had pledged the investment properties to secure bank borrowings granted to Guangzhou Yonghan Investment Management Co., Ltd ("**Yonghan**") (note 21).

14. GOODWILL

	HK$'000
At 2 May 2014 (date of incorporation)	—
Recognised from business combinations occurring during the period *(note 24)*	46,498
At 31 December 2014, 1 January 2015 and 31 August 2015	46,498

Goodwill has been allocated to a single cash-generating unit of property leasing business during the Relevant Periods. The recoverable amount is determined based on its value-in-use which uses cash flow projections based on financial budgets approved by the directors covering over a five-year period according to the contractual lease term, and pro-tax discount rates of 6.63% and 6.14% per annum for the period ended 31 December 2014 and the eight months ended 31 August 2015 respectively. Cash flows beyond that five-year period have been extrapolated using steady growth rates of 3% and 3% per annum for the period ended 31 December 2014 and the eight months ended 31 August 2015 respectively which is the projected long-term average inflation rate for the business. Key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows which include market rent, tax rate, growth and discount rates, such estimation is based on past experience and management's expectations for the market development. The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed its recoverable amount.

15. RENTAL RECEIVABLES

	At 31 December 2014 *HK$'000*	**At 31 August 2015** *HK$'000*
Rental receivables	2,012	9,441

The ageing analysis of the Best Volume Group's rental receivables is as follow:

	At 31 December 2014 *HK$'000*	**At 31 August 2015** *HK$'000*
Within 3 months	2,012	7,705
3 – 6 months	—	1,736
	2,012	9,441

Aging analysis of the rental receivables that was neither past due nor impaired is as follows:

	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*
Within 3 months	2,012	7,705
3 – 6 months	—	1,736
	2,012	9,441

The directors of Best Volume consider that the fair values of rental receivables which is expected to be recovered within one year is not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Rentals are receivable from tenants pursuant to the Best Volume Group's lease agreements entered into with all tenants.

16. PREPAYMENT AND OTHER RECEIVABLES

	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*
Prepayment	18	—
Other receivables	27	1,409
	45	1,409

17. AMOUNT DUE FROM A FELLOW SUBSIDIARY

	Maximum outstanding balance during the period			
	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*
廣州市源謙投資咨詢有限責任公司	67,532	59,384	59,384	15,340

The amount due from a fellow subsidiary is unsecured, interest-free and recoverable on demand at the end of the Relevant Periods.

18. CASH AND CASH EQUIVALENTS

The remittance of cash and cash equivalents denominated in RMB is subjected to the foreign exchange control restrictions imposed by the government of the PRC.

No bank deposits have been pledged to secure short-term bank borrowings at the end of the Relevant Periods.

19. ACCRUALS AND OTHER PAYABLES

	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*
Accruals	120	115
Other payables	16,874	456
	16,994	571

20. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company is unsecured, interest-free and repayable on demand at the end of the Relevant Periods.

The amount due to the ultimate holding company included consideration for acquisition of subsidiaries (note 24). On 14 July 2015, it had been waived by the ultimate holding company.

21. BANK BORROWINGS — SECURED

	At 31 December 2014 *HK$'000*	At 31 August 2015 *HK$'000*
Bank loans — secured	225,506	196,769
Carrying amount repayable:		
On demand or within one year	30,751	29,515
More than one year, but not exceeding two years	30,751	29,515
More than two years, but not exceeding five years	92,252	88,546
More than five years	71,752	49,193
	225,506	196,769
Less: amount shown under current liabilities	(30,751)	(29,515)
Amount shown under non-current liabilities	194,755	167,254

The bank borrowings carried floating interest rate at the benchmark interest rate of the People Bank of China upward by 10% per annum. The effective interest rates as at 31 December 2014 and 31 August 2015 were 7.16% and 6.84% respectively.

The Best Volume Group had pledged the investment properties to secure the bank borrowings granted to the Yonghan (note 13).

The secured bank borrowings has been reclassified to non-current liabilities during the Relevant Periods as the Best Volume Group had further negotiation with the bank and confirmed that the loan will be repayable according to the repayment schedule.

22. DEFERRED TAX LIABILITIES

The following are the major deferred tax balances recognised and movement thereon during the Relevant Periods.

	Revaluation of investment properties
	HK$000
At 2 May 2014 (date of incorporation)	—
Acquisition of subsidiaries *(note 24)*	107,181
Charged to the consolidated statements of profits or loss and other comprehensive income	1,552
Exchange adjustment	166
At 31 December 2014 and 1 January 2015	108,899
Charged to the consolidated statements of profits or loss and other comprehensive income	1,503
Exchange adjustment	(4,426)
At 31 August 2015	105,976

23. SHARE CAPITAL

	At 31 December 2014	**At 31 August 2015**
	HK$'000	*HK$'000*
Authorised:		
Ordinary shares of US$1 each	50	50
Issued:		
At the beginning for the period	—	—
Add: paid up share capital during the period	—	—
At the end of the period	—	—

The issued and fully paid shares capital is US$1 (equivalent to approximately HK$8) as at 31 December 2014 and 31 August 2015.

24. ACQUISITION OF SUBSIDIARIES

On 11 August 2014, Best Volume entered into a sale and purchase agreement with Ace Guide Holdings Limited ("**Ace Guide**") to acquire equity interests in Virtue Crest Investments Limited ("**Virtue Crest**") and its subsidiaries (collectively referred to as the "**Virtue Crest Group**"). On 31 October 2014, the transaction was completed and the consideration for acquisition was settled by (i) the cash payment of HK$120,000,000; (ii) the issuance of the promissory note with a principal amount of HK$240,000,000 by Sino Credit; and (iii) the issuance of 33,210,000 ordinary shares of Sino Credit at an issue price of HK$1.00 per share ("**Consideration Shares**").

The Virtue Crest Group is principally engaged in properties leasing in the PRC.

The net assets acquired in the acquisition are as follows:

	Acquiree's carrying amount at 31 Oct 2014	Fair value adjustments	Fair value at 31 Oct 2014
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired of:			
Investment properties *(note 13)*	620,321	(10,620)	609,701
Prepayment and other receivable	76,948		76,948
Cash and cash equivalents	9,485		9,485
Receipt in advance	(592)		(592)
Other payables	(24,551)		(24,551)
Borrowing	(230,276)		(230,276)
Deferred tax liabilities *(note 22)*	(109,836)	2,655	(107,181)
Net assets	341,499		333,534
Goodwill arising on acquisition *(note 14)*			46,498
			380,032
Satisfied by:			
Cash paid by Sino Credit			120,000
Fair value of Consideration Shares issued by Sino Credit			60,774
Fair value of promissory note issued by Sino Credit			199,258
			380,032

Goodwill arose in the acquisition of the Virtue Crest Group because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies and revenue growth. The benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impact of acquisition on the results of The Best Volume Group

Included in the revenue and profit attributable to the additional business generated by the Virtue Crest Group for the period from 2 May 2014 (date of incorporation) to 31 December 2014 are approximately HK$1,620,000 and HK$3,263,000 respectively.

Had these business combinations been effected at date of incorporation, the revenue of the Best Volume Group from continuing operations would have been approximately HK$3,547,261, and the profit for the period from 2 May 2014 (date of incorporation) to 31 December 2014 would have been approximately HK$360,961,000. The directors consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Net cash inflow on acquisition of subsidiaries

	HK$'000
Consideration paid in cash by Best Volume	—
Less: Cash and cash equivalents acquired	(9,485)
	(9,485)

25. INVESTMENT IN SUBSIDIARIES

	At 31 December 2014 *HK$'000*	**At 31 August 2015** *HK$'000*
Investment at cost:		
Unlisted share capital	—	—

Particulars of subsidiaries are as follows:

Name	Place of incorporation and operation	Principal activities	Nominal value of registered/ issued/paid up share capital	Proportion of interest held by Best Volume as at 31 December 2014 and 31 August 2015		Proportion of voting power held by Best Volume as at 31 December 2014 and 31 August 2015	
				Direct	Indirect	Direct	Indirect
Virtue Crest	BVI	Investment holding	US$1	100%	—	100%	—
Radiant Beauty Limited	Hong Kong	Investment holding in Hong Kong	Issued and fully paid share capital HK$1	—	100%	—	100%
Guangzhou Junxin Environmental Monitoring Co., Ltd.	The PRC	Trading of environmental protection products	Registered share capital RMB500,000	—	100%	—	100%
Yonghan	The PRC	Property in the PRC development	Issued and fully paid share capital RMB50,000,000	—	100%	—	100%
Guangzhou Yingrui Real Estate Development Co., Ltd. ("**Yingrui**")	The PRC	Property development in the PRC	Issued and fully paid share capital RMB16,000,000	—	100%	—	100%
Guangzhou Yinmao Environmental Protection Technology Co., Ltd.	The PRC	Trading of environmental protection products	Issued and fully paid share capital RMB5,000,000	—	100%	—	100%

26. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information of the Best Volume Group, The Best Volume Group had the following balances with related parties. The outstanding balances with related parties at the end of the Relevant Periods are as follows:

	At 31 December 2014	At 31 August 2015
	HK$'000	*HK$'000*
Amount due from a fellow subsidiary	59,384	15,340
Amount due to the ultimate holding company	380,743	—

27. LITIGATION

Yingrui, a wholly owned subsidiary of Best Volume, is currently involved in a civil lawsuit with Zhanjiang City No. 4 Construction Engineering Co., Ltd. (湛江市第四建築工程有限公司) (the "**Contractor**"). On 1 April 2015, the Contractor commenced a lawsuit (the "**Lawsuit**") against Yingrui at the People's Court of the Yuexiu District, Guangzhou City with respect to certain outstanding payment of approximately RMB11,427,000 (not including accrued interest) under the construction contract between Yingrui and the Contractor for the construction of the investment properties. The disputed amount of the Lawsuit includes working progress fee of RMB1,420,000, performance bond of RMB1,000,000 and construction fee of RMB9,007,000. On 7 April 2015, the People's Court of the Yuexiu District, Guangzhou City upon application of the Contractor, issued a seizure order on certain units within the investment property to protect the interest of the Contractor to the extent of RMB15,000,000 in value. The Lawsuit is now pending further review by the People's Court of the Yuexiu District, Guangzhou City.

Regarding the Lawsuit, Best Volume has secured an unconditional undertaking from Ace Guide, the previous shareholder of Yingrui under which that Ace Guide agrees to pay to Best Volume or its assignee by way of damages an amount equal to any and all losses incurred by Yingrui and/or Best Volume resulting from, arising out of or in relation to the Lawsuit, including without limitation payment under final effective judgement or settlement, and all other costs and expense in relation to the Lawsuit.

28. CAPITAL COMMITMENT

The Best Volume Group had capital commitments for investment properties amounted to approximately HK$6,453,000 and HK$223,000 which was contracted but not provided for as at 31 December 2014 and 31 August 2015.

29. OPERATING LEASE COMMITMENTS

The Best Volume Group as lessor

As at 31 December 2014 and 31 August 2015, the Best Volume Group had contracted with the tenants for the following future minimum lease receivables:

	At 31 December 2014	At 31 August 2015
	HK$'000	*HKD'000*
Within one year	22,045	24,420
After one year but within five years	109,852	102,978
After five years	106,301	88,163
	238,198	215,561

The Best Volume Group is the lessor in respect of a number of properties held under operating leases. The leases typically run for an initial period of five to ten years.

III. SUBSEQUENT EVENTS

There was no significant event that took place after the reporting period.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have prepared by the Best Volume Group or any of the companies now comprising the Best Volume Group in respect of any period.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong

B. ACCOUNTANTS' REPORT OF YINGRUI

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

20 October 2015

The Board of Directors
Eternity Investment Limited
Unit 3811
Shun Tak Centre, West Tower,
168-200 Connaught Road Central
HONG KONG

Dear Sirs

We set out below our report on the financial information (the "**Financial Information**") of Guangzhou Yingrui Real Estate Development Co. Ltd. ("**Yingrui**") for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015 (the "**Relevant Periods**"), for inclusion in the circular dated 20 October 2015 (the "**Circular**") issued by Eternity Investment Limited (the "**Company**") in connection with the proposed acquisition of the entire equity interests of Best Volume Investments Limited ("**Best Volume**") and its subsidiaries, pursuant to a sale and purchase agreement dated 7 September 2015. Best Volume indirectly wholly-owned Yingrui as at the date of acquisition. The Financial Information of Yingrui comprised the statements of financial position as at 31 December 2012, 2013 and 2014 and 31 August 2015, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the Relevant Periods, and a summary of significant accounting policies and other explanatory information.

Yingrui was incorporated in the People's Republic of China (the "**PRC**") with limited liability on 15 October 1998 with equity interest of RMB5,000,000. On 28 August 2003, Yingrui increased the equity interest from RMB5,000,000 to RMB8,000,000. On 28 December 2007, Yingrui increased the equity interest from RMB8,000,000 to RMB16,000,000.

The financial year end date of Yingrui is 31 December.

The financial statements of Yingrui for each of the years ended 31 December 2012, 2013 and 2014 have been prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The PRC statutory financial statements of Yingrui for the year ended 31 December 2012 were audited by Guangzhou Jiazhou Certified Public Accountants Co., Ltd in the PRC. The PRC statutory financial statements of Yingrui for the year ended 31 December 2013 were audited by Guangzhou Fuyangjianda Certified Public Accountants Ltd. The PRC statutory financial statements of Yingrui for the year ended 31 December 2014 were audited by Guangzhou Qiyuan Certified Public Accountants.

Basic of preparation

The Financial Information of Yingrui for the Relevant Periods has been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institutes of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Companies Ordinance. The Financial Information of Yingrui for each of the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information of Yingrui set out in this report has been prepared from the unaudited financial statements with no adjustment made thereon.

Responsibility of the director

For the purpose of this report, the director of Yingrui have prepared the financial statements of Yingrui for the Relevant Periods in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA (the "**Underlying Financial Statements**") and for such internal control as the director of Yingrui determine is necessary to enable the preparation of the Underlying Financial Information of Yingrui that is free from material misstatement, whether due to fraud or error. The directors of the Company are responsible for the contents of the Circular in which this report is included.

Responsibility of reporting accountants

Our responsibility is to express opinion on the Financial Information of Yingrui based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Information of Yingrui is free from material misstatement. We have also carried out additional procedures as necessary in accordance with Audit Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information of Yingrui. The procedures selected depend on the reporting accountants' judgement, including the assessment of the risks of material misstatement of the Financial Information of Yingrui, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information of Yingrui in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the Financial Information of Yingrui.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information of Yingrui together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of Yingrui as at 31 December 2012, 2013, 2014 and 31 August 2015, and of Yingrui's results and cash flows for the Relevant Periods then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(b) of Section II in the Financial Information of Yingrui which indicates that Yingrui's current liabilities exceeded its current assets by approximately RMB142,881,000 as at 31 August 2015. This condition indicate the existence of a material uncertainty that may cause significant doubt about Yingrui's ability to continue as a going concern.

Corresponding financial information

The comparative statement of profit or loss and other comprehensive income, the statement of change in equity and the statement of cash flows of Yingrui for the eight months ended 31 August 2014 together with notes for the same period (the "**Comparative Financial Information**") were prepared by the director of Yingrui for the purpose of this report. We have reviewed the Comparative Financial Information of Yingrui in accordance to the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review consists principally of making enquires, principally of persons responsible for financial and audit 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 on Auditing and consequently does not enable us to obtain assurance that we could become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information of Yingrui.

Based on our review, nothing has come to our attention that causes us to believe that the Comparative Financial Information of Yingrui is not prepared, in all material respects, in accordance with the accounting policies set out in note 2 of Section II below.

I. FINANCIAL INFORMATION OF YINGRUI

Statements of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2012 RMB'000	Year ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	Eight months ended 31 August 2014 RMB'000 (unaudited)	Eight months ended 31 August 2015 RMB'000
Revenue	7	—	—	500	100	800
Other revenue		—	68	4	4	—
Other gains and losses	8	—	(535)	11,289	535	—
Gain arising on change in fair value of investment properties	15	—	—	344,686	347,559	4,785
Administrative expenses		(3,928)	(4,765)	(3,398)	(803)	(514)
Finance costs	9	(1,146)	—	—	—	—
(Loss)/profit before tax	10	(5,074)	(5,232)	353,081	347,395	5,071
Income tax expenses	12	—	—	(86,172)	(86,890)	(1,212)
(Loss)/profit for the year/ period		(5,074)	(5,232)	266,909	260,505	3,859
Other comprehensive income for the year /period, net of tax		—	—	—	—	—
Total comprehensive (loss)/ income for the year/period		(5,074)	(5,232)	266,909	260,505	3,859
(Loss)/profit attributable to:						
Owners of Yingrui		(5,074)	(5,232)	266,909	260,505	3,859
Total comprehensive (loss)/ income attributable to:						
Owners of Yingrui		(5,074)	(5,232)	266,909	260,505	3,859

The accompanying notes form an integral part of the Financial Information of Yingrui.

Statements of financial position

	Notes	At 31 December 2012 RMB'000	At 31 December 2013 RMB'000	At 31 December 2014 RMB'000	At 31 August 2015 RMB'000
Non-current assets					
Property, plant and equipment	14	2,912	2,491	—	—
Investment properties	15	—	—	488,800	498,200
Available-for-sale financial assets	16	100	100	—	—
		3,012	2,591	488,800	498,200
Current assets					
Amount due from an investee	16	11	540	—	—
Property under development	17	90,430	122,436	—	—
Prepayments and other receivables	18	79,151	64,450	12	1,153
Amount due from an immediate holding company	19	—	—	25	25
Cash and cash equivalents	20	256	45	2	22
		169,848	187,471	39	1,200
Current liabilities					
Accruals and other payables	21	118,655	192,344	1,677	380
Amounts due to directors	22	28,928	—	—	—
Amount due to a related party	22	22,862	—	—	—
Amounts due to intermediate holding companies	23	—	—	136,898	143,701
Financial guarantee contract	24	—	157	—	—
		170,445	192,501	138,575	144,081
Net current liabilities		(597)	(5,030)	(138,536)	(142,881)
Total assets less current liabilities		2,415	(2,439)	350,264	355,319

		At 31 December 2012	At 31 December 2013	At 31 December 2014	At 31 August 2015
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Deferred tax liabilities	25	—	—	86,172	87,368
Financial guarantee contract	24	—	378	—	—
		—	378	86,172	87,368
Net assets/(liabilities)		2,415	(2,817)	264,092	267,951
Capital and reserve					
Share capital	26	16,000	16,000	16,000	16,000
Reserve		(13,585)	(18,817)	248,092	251,951
Total equity		2,415	(2,817)	264,092	267,951

The accompanying notes form an integral part of the Financial Information of Yingrui.

Statements of changes in equity

	Share Capital *RMB'000*	(Accumulated losses)/retained earnings *RMB'000*	Total *RMB'000*
1 January 2012	16,000	(8,511)	7,489
Total comprehensive loss for the year	—	(5,074)	(5,074)
At 31 December 2012 and 1 January 2013	16,000	(13,585)	2,415
Total comprehensive loss for the year	—	(5,232)	(5,232)
At 31 December 2013 and 1 January 2014	16,000	(18,817)	(2,817)
Total comprehensive income for the year	—	266,909	266,909
At 31 December 2014 and 1 January 2015	16,000	248,092	264,092
Total comprehensive income for the period	—	3,859	3,859
At 31 August 2015	**16,000**	**251,951**	**267,951**
(Unaudited)			
At 1 January 2014	16,000	(18,817)	(2,817)
Total comprehensive loss for the period	—	260,505	260,505
At 31 August 2014	16,000	241,688	257,688

The accompanying notes form an integral part of the Financial Information of Yingrui.

Statements of cash flows

	Year ended 31 December 2012 *RMB'000*	Year ended 31 December 2013 *RMB'000*	Year ended 31 December 2014 *RMB'000*	Eight months ended 31 August 2014 *RMB'000* (Unaudited)	Eight months ended 31 August 2015 *RMB'000*
OPERATING ACTIVITIES					
(Loss)/profit for the year/period	(5,074)	(5,232)	353,081	347,395	5,071
Adjustments for:					
Gain arising on change in fair value of investment properties	—	—	(344,686)	(347,559)	(4,785)
Waiver of other payables	—	—	(10,754)	—	—
Written off of property, plant and equipment	—	—	2,136	—	—
Amortisation on financial guarantee contract	—	(46)	(39)	(39)	—
Release of financial guarantee contract	—	—	(496)	(496)	—
Recognition of financial guarantee contract	—	581	—	—	—
Depreciation	540	451	355	283	—
Finance costs	1,146	—	—	—	—
Operating cash flows before movement in working capital	(3,388)	(4,246)	(403)	(416)	286
(Increase)/decrease in prepayments and other receivables	(1,027)	14,701	49,305	49,280	(1,141)
Decrease in amount due from a shareholder	2,758	—	—	—	—
(Increase)/decrease in amount due from an investee	(1)	(529)	540	540	—
Increase in amount due from an immediate holding company	—	—	(25)	—	—
(Decrease)/increase in accruals and other payables	47,458	73,689	(179,913)	(180,433)	(1,297)
Decrease in amounts due to directors	(2,352)	(28,928)	—	—	—
Increases/(decrease) in amount due to a related party	22,862	(22,862)	—	136,880	—
Increase in amounts due to intermediate holding companies	—	—	136,898	—	6,803
Cash generated from operations	66,310	31,825	6,402	5,851	4,651
Income tax paid	—	—	—	—	(16)
Interest paid	(1,146)	—	—	—	—
Net cash generated from operating activities	65,164	31,825	6,402	5,851	4,635

	Year ended 31 December 2012 *RMB'000*	Year ended 31 December 2013 *RMB'000*	Year ended 31 December 2014 *RMB'000*	Eight months ended 31 August 2014 *RMB'000* (Unaudited)	Eight months ended 31 August 2015 *RMB'000*
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(152)	(30)	—	—	—
Addition on investment properties	—	—	(1,472)	(632)	(4,615)
Addition of property under development	(24,790)	(32,006)	(4,973)	(4,973)	—
Net cash used in investing activities	(24,942)	(32,036)	(6,445)	(5,605)	(4,615)
FINANCING ACTIVITY					
Prepayment of bank borrowing	(40,000)	—	—	—	—
Net cash used in financing activity	(40,000)	—	—	—	—
Net increase/(decrease) in cash and cash equivalents	222	(211)	(43)	246	20
Cash and cash equivalents at the beginning of the year/period	34	256	45	45	2
Cash and cash equivalents at the end of the year/period	256	45	2	291	22
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	256	45	2	291	22

II. NOTES TO THE FINANCIAL INFORMATION OF YINGRUI

1. GENERAL INFORMATION

Yingrui was incorporated in the PRC on 15 October 1998 with limited liability. The address of the registered office of Yingrui is Room 06-07, 12th Floor, Teem Tower, 208 Tianhe Road, Guangzhou, Guangdong. The principal activity of Yingrui is property development. The shareholders of Yingrui were Guangzhou Yinmao Environmental Profectioin Technology Co., Ltd, ("**Yinmao**") and Guangzhou Yonghan Investment Management Co., Ltd. ("**Yonghan**").

The Financial Information of Yingrui for the years ended 31 December 2012, 2013 and 2014 and for the eight months ended 31 August 2015 are presented in thousands of units of Renminbi ("**RMB'000**"), which is the same as the functional currency of Yingrui.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

For the purpose of preparing and presenting the Financial Information of Yingrui for the Relevant Periods, Yingrui has consistently applied HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA that are effective for the accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

At the date of this report, Yingrui has not applied the following new or revised standards, amendments and interpretations ("**new or revised HKFRSs**") that have been issued by the HKICPA but are not yet effective:

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 which incorporated all requirements in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The director of Yingrui is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not get in a position to state whether the above new and revised HKFRSs will have a significant impact on Yingrui's results of operations and financial position.

(b) Basis of preparation

The Financial Information of Yingrui have been prepared on the historical cost basis except for certain properties which have been carried at fair value, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Yingrui takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Information of Yingrui is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) inactive market for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liabilities, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

Yingrui had net current liabilities of approximately RMB142,881,000 as at 31 August 2015. In preparing the Financial Information of Yingrui, the director of Yingrui has given careful consideration to the impact of the current and anticipated future liquidity of Yingrui and the ability of Yingrui to attain profitable and positive cash flow operations in the immediate and longer timer.

In order to strengthen the capital base of Yingrui and to improve Yingrui's liquidity and cash flows in the near foreseeable future, and to sustain Yingrui as a going concern, the shareholders of the Yingrui, has indicated its intention to provide further financial support to the Yingrui.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Yingrui and the revenue and costs, if measured reliably, revenue is recognised in profit or loss as follows:

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

The Yingrui's policy for recognition of revenue from operating leases is described in the accounting policy below.

(d) Leasing

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

Yingrui as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating leases are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Yingrui as lessee

Operation lease payments are recognised as an expenses on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leasehold land and building

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

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

(e) Income tax expenses

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss)/profit before tax' as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Yingrui's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where Yingrui is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the Relevant Periods

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

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

(g) Property, plant and equipment

Property, plant and equipment, other than construction in process, are stated at cost less accumulated depreciation and any impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditure after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements of profit or loss and other comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional costs of that assets or as a replacement.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used are as follows:

Motor vehicles	12% — 19%
Furniture, fixture and office equipment	19%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

(h) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. All of the Yingrui's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gain and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

(i) Property

Property under development for sale

Property under development for sale is included in property for sale at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately excepted to be realised and the anticipated costs to completion.

Property under development included in the current assets are expected to be realised in, or is intended for sale in Yingrui's normal operating cycle.

Stocks of completed property for sale

Completed property remaining unsold at year end is stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the unsold property.

Net realisable value is determined by reference to sale proceeds of property sold in the ordinary course of business less all estimated selling expenses after the year end date, or by management estimates based on prevailing market conditions.

(j) Financial instruments

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

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

Financial assets

Yingrui's financial assets are classified as loans and receivables and available-for-sale ("**AFS**"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans an receivables (including other receivable, amounts due from an investee, amount due from an immediate holding companies and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

AFS financial assets

AFS financial assets are non-derivatives that either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity and debt securities held by Yingrui that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each of the Relevant Periods. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulated gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity investments are recognised in profit or loss when Yingrui's right to receive the dividend is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each of the Relevant Periods.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) breach of contract, such as default or delinquency in interest and principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(iv) disappearance of an active market for the financial asset because of financial difficulties.

For certain categories of financial asset, such as other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Yingrui's past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. When other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

The Yingrui's financial liabilities (including accruals and other payables, amounts due to directors/a related party, amounts due to intermediate holding companies and financial guarantee contract) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial guarantee contract

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

Financial guarantee contracts issued by Yingrui are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

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

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

On derecognition of a financial asset other than in its entirety, Yingrui allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

(k) Impairment losses on assets other than goodwill

At the end of each of the Relevant Periods, Yingrui reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

(l) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Yingrui. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Yingrui. A contingent asset is not recognised but is disclosed when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(m) Related parties transaction

(1) A person or a close member of that person's family is related to Yingrui if that person:

(i) has control or joint control over Yingrui;

(ii) has significant influence over Yingrui; or

(iii) is a member of the key management personnel of Yingrui or of a parent of Yingrui.

(2) An entity is related to Yingrui if any of the following conditions applies:

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

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

(iii) both entities 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 party.

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

(vi) the entity is controlled or jointly controlled by a person identified in (1)

(vii) a person identified in (1)(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).

Close family members of an individual are those family member who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Yingrui's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Useful lives and impairment of property, plant and equipment

In accordance with HKAS 16, Yingrui estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. Yingrui also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Yingrui tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(b) Impairment of receivables

The provision policy for doubtful debts of the Yingrui is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Yingrui were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

(c) Income taxes

The Yingrui is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Yingrui recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Net realisable value of property under development

Net realisable value of property under development is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature which could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of each of the Relevant Periods.

(e) Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, Yingrui determines the amount within a range of reasonable fair value estimates including:

(i) current prices in an active market for property of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and

(ii) recent prices of similar property in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

Yingrui uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumption underlying management's estimation of fair value is related to the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and without compulsion.

Yingrui assesses the fair value of investment properties based on valuation determined by qualified independent professional surveyors.

4. FINANCIAL INSTRUMENTS

(a) Financial instruments by categories

The carrying amount of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

	At 31 December 2012	At 31 December 2013	At 31 December 2014	At 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables				
— financial assets included in other receivables	50,453	48,875	12	1,153
— amount due from an investee	11	540	—	—
— amount due from an immediate holding company	—	—	25	25
— cash and cash equivalents	256	45	2	22
AFS financial assets	100	100	—	—
Financial liabilities				
At amortised cost				
— financial liabilities included in accruals and other payables	118,655	192,344	1,677	380
— amounts due to directors	28,928	—	—	—
— amount due to a related party	22,862	—	—	—
— amounts due to intermediate holding companies	—	—	136,898	143,701
— financial guarantee contract	—	157	—	—

(b) Financial risk management objective and policies

Yingrui's major financial instruments include other receivables, amount due from an investee, amount due from an immediate holding company, cash and cash equivalents, AFS financial assets, accruals and other payables and amounts due to directors/a related party/intermediate holding companies. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from Yingrui's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

Yingrui's maximum exposure to credit risk which will cause a financial loss to Yingrui 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 statements of financial position.

In order to minimise the credit risk, the management of Yingrui has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regards, the directors consider that Yingrui's credit risk is significantly reduced.

Yingrui's credit risk is primarily attributable to other receivables and amounts due from an investee. Yingrui has no significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds in limited because the counterparties are banks which are reputable in the opinion of management.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Yingrui will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

The Yingrui's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and funds advance from the intermediate holding companies are the general source of funds to finance the operation of the Yingrui. The Yingrui regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Yingrui's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Yingrui can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate	Total carrying amount	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 August 2015						
Accruals and other payables	—	380	380	—	—	380
Amounts due to intermediate holding companies	—	143,701	143,701	—	—	143,701
		144,081	144,081	—	—	144,081
At 31 December 2014						
Accruals and other payables	—	1,677	1,677	—	—	1,677
Amount due to intermediate holding companies	—	136,898	136,898	—	—	136,898
		138,575	138,575	—	—	138,575
At 31 December 2013						
Accruals and other payables	—	192,344	192,344	—	—	192,344
Financial guarantee contract	—	535	—	157	378	535
		192,879	192,344	157	378	192,879
At 31 December 2012						
Accruals and other payables	—	118,655	118,655	—	—	118,655
Amounts due to directors	—	28,928	28,928	—	—	28,928
Amount due to a related party	—	22,862	22,862	—	—	22,862
		170,445	170,445	—	—	170,445

Interest rate risk

Yingrui's exposure to changes in interest rates is mainly attributable to its bank borrowing. Bank borrowing at variable rates expose Yingrui to cash flow interest rate risk. Yingrui's income and operating cash flows are substantially independent of changes in market interest rates. Yingrui currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis on interest rate risk

Regarding the cash flow interest rate risk, the sensitivity analysis set out below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of each of the Relevant Periods. For variable rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of each of the Relevant Periods was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, Yingrui's loss for the Relevant Periods would decrease/increase by approximately RMB57,000, Nil, Nil and Nil respectively. This is mainly attributable to Yingrui's exposure to interest rates on its variable rate borrowings.

Currency risk

Yingrui mainly operates in PRC with most of the transactions denominated and settled in RMB. Most of Yingrui's monetary assets and liabilities are also denominated in RMB. Therefore, Yingrui considers it has no significant foreign exchange risk.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2012, 2013 and 2014 and 31 August 2015.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since Yingrui has no financial instruments that are measured subsequent to initial recognition at fair value at the end of each of the Relevant Periods.

5. CAPITAL RISK MANAGEMENT

The primary objective of Yingrui's capital management is to safeguard Yingrui's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. Yingrui manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Yingrui may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Yingrui objectives, policies or processes for managing capital remain unchanged during the Relevant Periods.

Yingrui monitors capital using a gearing ratio, which is total borrowings divided by total assets. Yingrui's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of each of the Relevant Periods are as follows:

	At 31 December 2012	At 31 December 2013	At 31 December 2014	At 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total borrowings	51,790	—	136,898	143,701
Total assets	172,860	190,062	488,839	499,400
Gearing ratio	30%	N/A	28%	29%

Note:

Total borrowings comprise amounts due to directors/a related party and amounts due to intermediate holding companies as detailed in notes 22 and 23 respectively.

6. SEGMENT INFORMATION

Yingrui currently operates in one business segment. A single management team reports to the chief operating decision makers who comprehensively manage the entire business. For the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, all of Yingrui's assets are derived and located in the PRC. Accordingly, Yingrui does not have separately reportable segments.

7. REVENUE

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014	Eight months ended 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rental income	—	—	500	100	800

8. OTHER GAINS AND LOSSES

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014	Eight months ended 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Recognition of financial guarantee contract *(note 24)*	—	(581)	—	—	—
Amortisation on financial guarantee contract *(note 24)*	—	46	39	39	—
Release of financial guarantee contract *(note 24)*	—	—	496	496	—
Waive of other payables	—	—	10,754	—	—
	—	(535)	11,289	535	—

9. FINANCE COSTS

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014	Eight months ended 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on bank borrowing wholly repayable within five years	1,146	—	—	—	—

10. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014	Eight months ended 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Directors' remuneration *(note 11)*	—	—	—	—	—
Other staff cost	711	830	317	289	—
Other staff's retirement benefits scheme contribution	61	51	13	19	—
Depreciation of property, plant and equipment	540	451	355	283	—
Loss on disposal of property, plant and equipment	—	—	2,136	—	—
Auditors' remuneration	31	36	11	—	9
Minimum lease payments under operating leases	492	672	19	6	—

11. DIRECTORS' AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

(a) Directors' emoluments

The emoluments paid by Yingrui to the directors during the Relevant Periods were as follows:

	Fees	Salaries, allowances and benefits in kind	Mandatory provident fund contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Eight months ended 31 August 2015				
Mr. Xie (appointed on 14 January 2015)	—	—	—	—
Mr. Zhu (resigned on 14 January 2015)	—	—	—	—
	—	—	—	—

	Fees	Salaries, allowances and benefits in kind	Mandatory provident fund contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Eight months ended 31 August 2014 (unaudited)				
Mr. Zhu	—	—	—	—
Ms. Tian (resigned on 15 July 2014)	—	—	—	—
Mr. Lei (resigned on 15 July 2014)	—	—	—	—
	—	—	—	—
Year ended 31 December 2014				
Mr. Zhu	—	—	—	—
Ms. Tian (resigned on 15 July 2014)	—	—	—	—
Mr. Lei (resigned on 15 July 2014)	—	—	—	—
	—	—	—	—

	Fees	Salaries, allowances and benefits in kind	Mandatory provident fund contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2013				
Mr. Zhu (appointed on 23 December 2013)	—	—	—	—
Mr. Tian (appointed on 23 December 2013)	—	—	—	—
Mr. Lei (appointed on 23 December 2013)	—	—	—	—
Mr. Chung (resigned on 23 December 2013)	—	—	—	—
Mr. Huang (resigned on 23 December 2013)	—	—	—	—
Ms. Zhang (resigned on 23 December 2013)	—	—	—	—
	—	—	—	—

	Fees	Salaries, allowances and benefits in kind	Mandatory provident fund contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2012				
Mr. Chung (resigned on 3 December 2012)	—	—	—	—
Mr. Chen (resigned on 3 December 2012)	—	—	—	—
Mr. Huang	—	—	—	—
Ms. Zhang	—	—	—	—
	—	—	—	—

The emoluments of the directors fell within the following bands:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014 *(unaudited)*	Eight months ended 31 August 2015
Nil to RMB1,000,000	4	6	3	3	2

(b) **Employees' emoluments**

Highest paid individuals

The aggregate of the emoluments in respect of the remaining five individuals during Relevant Periods of Yingrui are as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014	Eight months ended 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	711	830	317	289	—
Mandatory provident fund contributions	61	51	13	19	—
	772	881	330	308	—

The emoluments of each of the above non-director, highest paid individuals were within the following band:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Eight months ended 31 August 2014 (unaudited)	Eight months ended 31 August 2015
Nil to RMB1,000,000	5	5	5	5	—

During the Relevant Periods, no emoluments were paid by Yingrui to any of its directors or the highest paid individuals of Yingrui (including directors and employees) as an inducement to join, or upon joining Yingrui or as compensation for loss of office. None of Yingrui's directors waived any emoluments during the Relevant Periods.

12. INCOME TAX EXPENSES

Yingrui is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which Yingrui is domiciled and operate.

The PRC Enterprise Income Tax ("**EIT**") is calculated at the applicable rates based on estimated taxable income earned by Yingrui with certain tax preferences, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to the enterprise income tax rules and regulation of the PRC, the applicable PRC EIT rate of Yingrui is 25%.

	Year ended 31 December 2012 *RMB'000*	Year ended 31 December 2013 *RMB'000*	Year ended 31 December 2014 *RMB'000*	Eight months ended 31 August 2014 *RMB'000* (unaudited)	Eight months ended 31 August 2015 *RMB'000*
Current tax for the year/peroid					
— the PRC EIT	—	—	—	—	(16)
Deferred taxation					
— the PRC	—	—	(86,172)	(86,890)	(1,196)
	—	—	(86,172)	(86,890)	(1,212)

The PRC EIT expenses for the Relevant Periods can be reconciled to (loss)/profit before tax per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2012 *RMB'000*	Year ended 31 December 2013 *RMB'000*	Year ended 31 December 2014 *RMB'000*	Eight months ended 31 August 2014 *RMB'000* (unaudited)	Eight months ended 31 August 2015 *RMB'000*
(Loss)/profit before tax	(5,074)	(5,232)	353,081	347,395	5,071
Tax at the statutory tax rate	(1,269)	(1,308)	88,270	86,849	1,268
Tax effect of income not taxable for tax purpose	—	(29)	(88,994)	(87,023)	(1,196)
Tax effect of temporary difference not recognised	—	—	86,172	86,890	1,196
Tax effect of expenses not deductible for tax purpose	1,269	1,337	—	—	—
Tax effect of tax losses not recognised	—	—	724	174	—
Tax effect of tax losses ultilised	—	—	—	—	(56)
Income tax expense for the year/period	—	—	86,172	86,890	1,212

13. DIVIDENDS

No dividend was paid or proposed during the Relevant Periods nor has any dividend been proposed since the end of the Relevant Periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, Fixtures and Equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost			
1 January 2012	573	4,048	4,621
Additions	152	—	152
At 31 December 2012 and 1 January 2013	725	4,048	4,773
Additions	30	—	30
At 31 December 2013 and 1 January 2014	755	4,048	4,803
Written off during the year	(755)	(4,048)	(4,803)
At 31 December 2014, 1 January 2015 and 31 August 2015	—	—	—

	Furniture, Fixtures and Equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Accumulated depreciation			
1 January 2012	338	983	1,321
Charge for the year	86	454	540
At 31 December 2012 and 1 January 2013	424	1,437	1,861
Charge for the year	73	378	451
At 31 December 2013 and 1 January 2014	497	1,815	2,312
Charge for the year	55	300	355
Written off during the year	(552)	(2,115)	(2,667)
At 31 December 2014, 1 January 2015 and 31 August 2015	—	—	—
Net book value			
At 31 August 2015	—	—	—
At 31 December 2014	—	—	—
At 31 December 2013	258	2,233	2,491
At 31 December 2012	301	2,611	2,912

All of the property, plant and equipment owned by Yingrui are located in the PRC.

No property, plant and equipment of Yingrui had been pledged as at the end of each of the Relevant Periods.

15. INVESTMENT PROPERTIES

	RMB'000
Fair value	
At 1 January 2012, 31 December 2012, 1 January 2013, 31 December 2013 and 1 January 2014	—
Transfer from property under development	127,409
Additions	16,705
Net gain on fair value change	344,686
At 31 December 2014 and 1 January 2015	488,800
Additions	4,615
Net gain on fair value change	4,785
At 31 August 2015	498,200

The directors of Yingrui had changed the intention of usage of the properties located in Yuexiu District, Guangzhou, the PRC from property under development to investment property in June 2014.

Fair value gain on investment properties revaluation included in profit or loss for the year ended 31 December 2014 and the eight months ended 31 August 2015 amounting to approximately RMB344,686,000 and RMB4,785,000 respectively.

The fair value of the Yingrui's investment properties at date of transfer, 31 December 2014 and 31 August 2015 has been arrived at on the basis of valuations carried out on the respective dates by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("**Cushman & Wakefield**"), independent qualified professional valuers not connected with Yingrui. Cushman & Wakefield have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The highest and best use of the investment properties is its current use in estimating the fair value of the properties.

The fair value was determined based on the income approach. It operates by taking into account the net rental income of the properties derived from the existing tenancy with due allowance for the reversionary income potential, which are then capitalised into the value at an appropriate capitalisation rate. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties. The capitalisation rate is determined by reference to the yields derived from analysing the sales transaction of similar commercial properties in the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to Yingrui's investment properties.

During the Relevant Periods, the management:

- t all major inputs to the independent valuation report;
- assess property valuations movements when compared to the valuation report as at acquisition date; and
- holds discussions with the independent valuers.

Significant unobservable inputs used to determine the fair value as at 31 December 2014 and 31 August 2015:

Description	Fair value at 31 August 2015 *RMB'000*	Valuation technique	Fair value hierarchy	Range of significant unobservable inputs: Market unit rent on gross floor area basis *(Note (i))*	Range of significant unobservable inputs: Capitalistion rate *(Note (ii))*
Investment properties located in the PRC	498,200	Income approach	Level 3	RMB349 to RMB1,101 per month per square metre	3.75% to 4.75%

Description	Fair value at 31 December 2014 *RMB'000*	Valuation technique	Fair value hierarchy	Range of significant unobservable inputs: Market unit rent on gross floor area basis *(Note (i))*	Range of significant unobservable inputs: Capitalistion rate *(Note (ii))*
Investment properties located in the PRC	488,800	Income approach	Level 3	RMB349 to RMB1,101 per month per square metre	3.75% to 4.75%

Note:

Description of the sensitivity in unobservable inputs and interrelationship:

(i) The fair value measurement is positively correlated to the unobservable input that a higher factor will result in a higher fair value.

(ii) The fair value measurement is negatively correlated to the unobservable input that a lower factor will result in a higher fair value.

Yingrui believes that possible changes in the input would not cause significant change in fair value of the investment properties.

Details of Yingrui's investment properties and information about the fair value hierarchy as at 31 December 2014 and 31 August 2015 are as follows:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Fair value at 31 December 2014 *RMB'000*
Investment properties located in the PRC	—	—	488,800	488,800

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Fair value at 31 August 2015 *RMB'000*
Investment properties located in the PRC	—	—	498,200	498,200

There were no transfers into or out of Level 3 during the Relevant Periods.

The properties are either leased out in return of receiving rental income or held for capital appreciation and are measured using the fair value model and are classified and accounted for as investment properties.

Yingrui's investment properties are situated in the PRC and are held under medium term lease.

During the year ended 31 December 2014 and the eight months ended 31 August 2015, Yingrui had pledged the investment properties to secure bank borrowing granted to an intermediate holding company, Guangzhou Yonghan Investment Management Co., Ltd..

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 31 December 2012	At 31 December 2013	At 31 December 2014	At 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Yingrui unlisted securities — equity securities in Ying Rui Property *(note (i) and (ii))*	100	100	—	—
Analysed for reporting purpose as Non-current assets *(note (i) and (ii))*	100	100	—	—
Amount due from Ying Rui Property *(note (iii))*	11	540	—	—

Notes:

(i) The unlisted equity securities that do not have a quoted market price in an active market and the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, such unlisted equity securities are measured at cost less any identified impairment losses at the end of each of the Relevant Periods.

(ii) Yingrui directly owned 20% equity interest of Ying Rui Property Management Co., Ltd (廣州市迎瑞物業管理有限公司) ("**Ying Rui Property**") which was incorporated in the PRC on 16 November 2011 with limited liability. It is principally engaged on property management. Yingrui is unable to exercise significant influence over Ying Rui Property as Yingrui do not have the power to appoint any of its director and do not participate in its policymaking processes. On 24 January 2014, Yingrui disposed its entire equity interest in Ying Rui Property for a consideration price of RMB100,000.

(iii) The amount due from Ying Rui Property is unsecured, interest-free and recovered on demand. The amount was reclassified to other receivables after Yingrui disposed its entire equity interest in Ying Rui Property during the year ended 31 December 2014.

17. PROPERTY UNDER DEVELOPMENT

	At 31 December 2012 RMB'000	At 31 December 2013 RMB'000	At 31 December 2014 RMB'000	At 31 August 2015 RMB'000
Property under development	90,430	122,436	—	—

Property under development related to the commercial property construction held for sale in Yuexin District, Guangzhou, the PRC.

The entire property under development was pledged to secure bank borrowing granted to Yingrui on 4 November 2010 (note 24). The pledged property under development had been released upon the subsequent settlement of secured bank borrowings during the year ended 31 December 2012.

The land use right and 12 units of the building construction in the property under development were pledged to secure bank borrowing granted to a third party on 19 November 2012. The bank borrowing was effective from 14 May 2013. The pledged assets had been released upon the subsequent settlement of the bank borrowings.

On 27 May 2014, Yingrui had pledged the investment properties located in Yuexiu District, Guangzhou, the PRC to secure bank borrowing granted to Yonghan. The use of property under development had changed to investment property during the year ended 31 December 2014 since the directors of Yingrui changed the intension of usage of the property to rental earnings and rental agreements had been entered with the leases.

18. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December 2012 RMB'000	At 31 December 2013 RMB'000	At 31 December 2014 RMB'000	At 31 August 2015 RMB'000
Prepayments	28,698	15,575	—	—
Other receivables	50,453	48,875	12	1,153
	79,151	64,450	12	1,153

Prepayment mainly comprised of the prepaid expenses in relation to the property under development.

Other receivables are unsecured, interest-free and recoverable on demand.

19. AMOUNT DUE FROM AN IMMEDIATE HOLDING COMPANY

	Maximum outstanding balance during the year/period				As at 31 December			As at 31 August
	2012	**2013**	**2014**	**2015**	**2012**	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Yinmao	—	—	25	25	—	—	25	25

The amount due from an immediate holding company is unsecured, interest-free and recoverable on demand at the end of the Relevant Periods.

20. CASH AND CASH EQUIVALENTS

The remittance of cash and cash equivalents denominated in RMB is subjected to the foreign exchange control restrictions imposed by the government of the PRC.

No bank deposits have been pledged to secure short-term bank borrowings at the end of each of the Relevant Periods.

21. ACCRUALS AND OTHER PAYABLES

	At 31 December 2012	At 31 December 2013	At 31 December 2014	At 31 August 2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	27	27	95	95
Other payables	118,628	192,317	1,582	285
	118,655	192,344	1,677	380

Other payables comprised of construction contracts and financing from former directors and related party during the year ended 31 December 2012 and 2013. Other payables are unsecured, interest-free and repayable on demand.

22. AMOUNTS DUE TO DIRECTORS/A RELATED PARTY

The amounts due to directors/a related party are unsecured, interest free and repayable on demand at the end of each of the Relevant Periods.

The amounts due to directors/a related party has reclassified to other payables after the change in Yingrui's shareholders and directors in the year ended 31 December 2013.

23. AMOUNTS DUE TO INTERMEDIATE HOLDING COMPANIES

The amounts due to intermediate holding companies are unsecured, interest-free and repayable on demand at the end of each of the Relevant Periods.

24. FINANCIAL GUARANTEE CONTRACT

	At 31 December 2012 *RMB'000*	At 31 December 2013 *RMB'000*	At 31 December 2014 *RMB'000*	At 31 August 2015 *RMB'000*
Carrying amount				
At the beginning of the year/ period	—	—	535	—
Addition for the year/period	—	581	—	—
Amortisation for the year/period	—	(46)	(39)	—
Release upon settlement of secured bank borrowing	—	—	(496)	—
At the end of the year/period	—	535	—	—
Current liabilities	—	157	—	—
Non-current liabilities	—	378	—	—
	—	535	—	—

On 14 May 2013, Yingrui gave financial guarantee to a bank in respect of the bank borrowing of a third party. The maximum guarantee amount borne by Yingrui under the financial guarantee was RMB169,000,000.

The outstanding bank borrowing under the financial guarantee of the third party were RMB40,000,000 as at 31 December 2013.

Based on the valuation performed by Cushman & Wakefield, an independent professional valuer, the fair value of the financial contract was approximately RMB581,000 at the date of issuance of the financial guarantee contract.

The carrying amount of the financial guarantee contract recognised in the statements of financial position of Yingrui in accordance with HKAS 39 and is carried at amortised cost. No provision for financial guarantee can treats have been made at 31 December 2013 as the default risk is low.

The financial guarantee provided was released as the bank borrowing agreement was fully settled by the third party during the year ended 31 December 2014.

25. DEFERRED TAX LIABILITIES

The following are the major deferred tax balances recognised and movement thereon during the Relevant Periods.

	Revaluation of investment properties *RMB'000*
At 1 January 2012,31 December 2012, 1 January 2013, 31 December 2013 and 1 January 2014	—
Charged to the statements of profits or loss and other comprehensive income	86,172
At 31 December 2014 and 1 January 2015	86,172
Charged to the statements of profits or loss and other comprehensive income	1,196
At 31 August 2015	87,368

26. SHARE CAPITAL

	At 31 December 2012 *RMB'000*	**At 31 December 2013** *RMB'000*	**At 31 December 2014** *RMB'000*	**At 31 August 2015** *RMB'000*
Issued and fully paid capital	16,000	16,000	16,000	16,000

27. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Financial Information of Yingrui, Yingrui had entered into the following transaction and balances with related parties. The outstanding balances with related parties at the end of each of the Relevant Periods are as follows:

	Notes	**At 31 December 2012** *RMB'000*	**At 31 December 2013** *RMB'000*	**At 31 December 2014** *RMB'000*	**At 31 August 2015** *RMB'000*
Amount due from an investee	*16*	11	540	—	—
Amount due from an immediate holding company	*19*	—	—	25	25
Amounts due to directors	*22*	28,928	—	—	—
Amount due to a related party	*22*	22,862	—	—	—
Amounts due to intermediate holding companies	*23*	—	—	136,898	143,701

(b) Save as disclosed elsewhere in the Financial Information of Yingrui, Yingrui had entered into the following transaction with related parties. The outstanding balances with related parties at the end of each of the Relevant Periods are as follows:

	Note	**Year ended 31 December 2012** *RMB'000*	**Year ended 31 December 2013** *RMB'000*	**Year ended 31 December 2014** *RMB'000*	**Eight months ended 31 August 2014** *RMB'000* (unaudited)	**Eight months ended 31 August 2015** *RMB'000*
Rental income	*7*	—	—	500	100	800

28. LITIGATION

Yingrui is currently involved in a civil lawsuit with Zhanjiang City No. 4 Construction Engineering Co., Ltd.(湛江市第四建築工程有限公司)(the "**Contractor**"). On 1 April 2015, the Contractor commenced a lawsuit (the "**Lawsuit**") against Yingrui at the People's Court of the Yuexiu District, Guangzhou City with respect to certain outstanding payment of approximately RMB11,427,000 (not including accrued interest) under the construction contract between Yingrui and the Contractor for the construction of the investment properties. The disputed amount of the Lawsuit includes working progress fee of RMB1,420,000, performance bond of RMB1,000,000 and construction fee of RMB9,007,000. On 7 April 2015, the People's Court of the Yuexiu District, Guangzhou City upon application of the Contractor, issued a seizure order on certain units within the investment property to protect the interest of the Contractor to the extent of RMB15,000,000 in value. The Lawsuit is now pending further review by the People's Court of the Yuexiu District, Guangzhou City.

Regarding the Lawsuit, Best Volume has secured an unconditional undertaking from Ace Guide Holdings Limited, the previous shareholder of Yingrui under which that Ace Guide Holdings Limited to pay to the Best Volume or its assignee by way of damages an amount equal to any and all losses incurred by Yingrui and/or Best Volume resulting from, arising out of or in relation to the Lawsuit, including without limitation payment under final effective judgement or settlement, and all other costs and expense in relation to the Lawsuit.

29. CAPITAL COMMITMENT

Yingrui had capital commitments for property under development and investment properties amounted to approximately RMB35,189,000, RMB23,688,000, RMB5,107,000 and RMB184,000 which was contracted but not provided for as at 31 December 2012, 2013 and 2014 and 31 August 2015.

30. NON-CASH TRANSACTION

Yingrui had entered into the following non-cash investing and financing activity which are not reflected in the statements of cashflows.

On 16 November 2011 Yingrui invested RMB100,000 to acquired 20% equity interest of Ying Rui Property and disposed on 24 January 2014. The disposal of equity interest was settled by offsetting other receivables with third party and Yonghan.

III. SUBSEQUENT EVENTS

There was no significant event that took place after the reporting period.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Yingrui or any of the companies now comprising Yingrui in respect of any period subsequent to the year ended 31 December 2014.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong

C. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

The following paragraphs set forth the management discussion and analysis of the Target Group for the period from 2 May 2014 (date of incorporation of the Target Company) to 31 December 2014 (the "**2014 Review Period**") and the eight months ended 31 August 2015 (the "**Eight Months 2015**"). Reference should be made to the Accountants' Report of the Target Group set out in Appendix II to this circular when reading this section.

Business and Financial Review

The Target Company was incorporated in the British Virgin Islands with limited liability on 2 May 2014. The Target Company is an investment holding company and through a series of wholly owned subsidiaries, owns, manages and operates the Property. Its indirect wholly owned subsidiaries, Yonghan, Yinmao and Yingrui are the relevant entities in substance that directly own, operate and manage the Property.

For the 2014 Review Period and the Eight Months 2015, the Target Group recorded revenue of HK$1,620,000 and HK$16,785,000 respectively, which was derived from the Target Group's rental business. The significant increase in revenue was attributable to the commencement of the Target Group's rental business on 1 August 2014. The gross floor area leased out as at 31 December 2014 and 31 August 2015 were 2,781.32 square meters and 5,085.77 square meters respectively.

The administrative expenses of the Target Group were HK$276,000 for the 2014 Review Period and HK$1,910,000 for the Eight Months 2015. The finance costs of the Target Group, which were all interest on bank borrowings, were HK$2,741,000 for the 2014 Review Period and HK$9,825,000 for the Eight Months 2015. The Target Group recorded profit of HK$3,269,000 for the 2014 Review Period and HK$9,548,000 for the Eight Months 2015. The increase was mainly due to the substantial rise in rental income of the Target Group.

Liquidity and financial resources

As at 31 August 2015, the Target Group recorded net current assets of HK$1,885,000 (31 December 2014: net current liabilities of HK$356,778,000). The significant improvement was mainly attributable to the waiver of the amount due to the ultimate holding company of the Target Company.

Capital and reserves of the Target Group increased from HK$3,784,000 at 31 December 2014 to HK$379,457,000 at 31 August 2015.

As at 31 August 2015, the Target Group's cash and cash equivalents amounted to HK$8,854,000 (31 December 2014: HK$12,661,000).

Borrowings and capital structure

The Target Group had outstanding bank borrowings of HK$225,506,000 and HK$196,769,000 as at 31 December 2014 and 31 August 2015 respectively, of which HK$30,751,000 and HK$29,515,000 respectively were payable on demand or within one year. The bank borrowings are secured by the investment properties of the Target Group. The bank borrowings carried floating interest rate at the benchmark interest rate of the People Bank of China upward by 10% per annum. The effective interest rates as at 31 December 2014 and 31 August 2015 were 7.16% and 6.84% respectively.

As at 31 December 2014 and 31 August 2015, the Target Company had an authorised share capital of US$50,000 (equivalent to approximately HK$387,500), divided into 50,000 shares of US$1.00 each, of which one share of US$1.00 (equivalent to approximately HK$8.00) was issued and fully paid.

For each of the 2014 Review Period and the Eight Months 2015, no members of the Target Group declared or paid any dividend.

Capital commitment

The Target Group had capital commitments for investment properties amounted to approximately HK$6,453,000 and HK$223,000 which was contracted but not provided for as at 31 December 2014 and 31 August 2015.

Pledge of assets

The Target Group had pledged its investment properties to secure the bank borrowings granted to Yonghan.

Significant investment held

Save for investment properties and investments in subsidiaries which details are set out in notes 13 and 25 of the Accountant's Report of the Target Group in Appendix II, respectively, the Target Group did not hold any significant investments as at 31 December 2014 and 31 August 2015.

Material acquisitions and disposals

On 11 August 2014, the Target Company entered into the Original SPA with the Original Seller to acquire equity interests in Virtue Crest and its subsidiaries. On 31 October 2014, the acquisition was completed and the consideration for acquisition was settled by (i) the cash payment of HK$120,000,000; (ii) the issuance of the promissory note with a principal amount of HK$240,000,000; and (iii) the issuance of 33,210,000 ordinary shares of Sino Credit at an issue price of HK$1.00 per share. Further details are disclosed in note 24 of the Accountants' Report of the Target Group in Appendix II.

Save as disclosed above, the Target Group did not have any material acquisitions and disposals of subsidiaries and associated companies for the 2014 Review Period and for the Eight Months 2015.

Employees and remuneration policy

As at 31 December 2014 and 31 August 2015, the Target Group had 4 and 4 employees (including directors) respectively.

No employees' remuneration were paid during the 2014 Review Period and the Eight Months 2015.

Gearing ratio

As at 31 December 2014 and 31 August 2015, the Target Group's gearing ratios (being ratio of total borrowings to total assets) were approximately 30.54% and 28.69% respectively.

Foreign exchange exposure

The Target Group has minimal exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group will monitor its foreign currency and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

Yingrui is currently involved in a civil lawsuit with the Contractor. On 1 April 2015, the Contractor commenced a lawsuit against Yingrui at the People's Court of the Yuexiu District, Guangzhou City with respect to certain outstanding payment of approximately RMB11,427,000 (not including accrued interest) (equivalent to approximately HK$13,860,000) under the construction contract between Yingrui and the Contractor for the construction of the investment properties. The disputed amount of the lawsuit includes approximately working progress fee of RMB1,420,000 (equivalent to approximately HK$1,722,000), performance bond of RMB1,000,000 (equivalent to approximately HK$1,213,000) and construction fee of RMB9,007,000 (equivalent to approximately HK$10,925,000). On 7 April 2015, the People's Court of the Yuexiu District, Guangzhou City upon application of the Contractor, issued a seizure order on certain units within the investment properties to protect the interest of the Contractor to the extent of RMB15,000,000 (equivalent to approximately HK$18,195,000) in value. The lawsuit is now pending further review by the People's Court of the Yuexiu District, Guangzhou City.

Regarding the lawsuit, the Target Company has secured an unconditional undertaking from the Original Seller, the previous shareholder of Yingrui under which that the Original Seller agrees to pay to the Target Company or its assignee by way of damages an amount equal to any and all losses incurred by Yingrui and/or the Target Company resulting from, arising out of or in relation to the lawsuit, including without limitation payment under final effective judgement or settlement, and all other costs and expense in relation to the lawsuit.

Save as disclosed above, the Target Group had no other contingent liabilities as at 31 August 2015.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2015 (the "**Unaudited Pro Forma Financial Information**") of Eternity Investment Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") and Best Volume Investments Limited (the "**Target Company**") and its subsidiaries (collectively referred to as the "**Target Group**", together with the Group hereinafter referred to as the "**Enlarged Group**"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the financial effects of the proposed acquisition of the entire equity interests of the Target Company (the "**Acquisition**"), as if it had taken place on 30 June 2015. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), on the basis which is consistent with the accounting policies and presentation format of the Group.

The Unaudited Pro Forma Financial Information are prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 as set out in the Company's interim report for the six months ended 30 June 2015, the audited consolidated statement of financial position of the Target Group as at 31 August 2015 as set out in Appendix II to the circular, after giving effect to the unaudited pro forma adjustments as described in the accompanying notes. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2015, nor purport to predict the Enlarged Group's future financial position of operations.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the interim report of the Company for the six months ended 30 June 2015 and other financial information included elsewhere in the circular.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group following completion of the Acquisition.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 June 2015	**The Target Group as at 31 August 2015**	**Sub-total**		**Unaudited pro forma adjustments**	**The Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*				
Non-current assets						
Property, plant and equipment	11,690	—	11,690			11,690
Investment properties	—	604,304	604,304			604,304
Goodwill	89,265	46,498	135,763	*4*	(46,498)	156,306
				4	67,041	
Deposit for investment	60,000	—	60,000			60,000
Available-for-sale financial assets	172	—	172			172
Loan receivables	253,000	—	253,000			253,000
	414,127	650,802	1,064,929			1,085,472

	The Group as at 30 June 2015	The Target Group as at 31 August 2015	Sub-total		Unaudited pro forma adjustments	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*				
Current assets						
Inventories	42,730	—	42,730			42,730
Trade and rental receivables	30,320	9,441	39,761			39,761
Loan receivables	580,401	—	580,401			580,401
Deposits, prepayments and other receivables	13,630	1,409	15,039	5	15,340	30,379
Amount due from an associate	3,528	—	3,528			3,528
Financial assets at fair value through profit or loss	786,831	—	786,831			786,831
Amount due from a fellow subsidiary	—	15,340	15,340	5	(15,340)	—
Restricted bank deposits	19,759	—	19,759			19,759
Cash and cash equivalents	671,663	8,854	680,517	3	(370,000)	310,517
	2,148,862	35,044	2,183,906			1,813,906
Current liabilities						
Trade payables	26,077	—	26,077			26,077
Accruals and other payables	15,936	571	16,507	6	1,400	17,907
Deposits received and receipt in advance	72,634	3,073	75,707			75,707
Bank and other borrowings	10,117	29,515	39,632			39,632
Tax payables	27,353	—	27,353			27,353
Deposits from customers	79	—	79			79
Deferred revenue	25,435	—	25,435			25,435
Obligations under finance leases	153	—	153			153
Promissory note	—	—	—	3	30,000	30,000
	177,784	33,159	210,943			242,343

	The Group as at 30 June 2015 *HK$'000* *(Note 1)*	The Target Group as at 31 August 2015 *HK$'000* *(Note 2)*	Sub-total *HK$'000*	*Notes*	Unaudited pro forma adjustments *HK$'000*	The Enlarged Group *HK$'000*
Net current assets	1,971,078	1,885	1,972,963			1,571,563
Total assets less current liabilities	2,385,205	652,687	3,037,892			2,657,035
Non-current liabilities						
Obligations under finance leases	7	—	7			7
Bank borrowings	—	167,254	167,254			167,254
Deferred tax liabilities	—	105,976	105,976			105,976
	7	273,230	273,237			273,237
Net assets	2,385,198	379,457	2,764,655			2,383,798

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The balances are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 set out in the Company's interim report for the six months ended 30 June 2015.

2. The balances are extracted from the accountants' report of the Target Group for the period from 2 May 2014 (date of incorporation) to 31 December 2014 and the eight months ended 31 August 2015 as set out in the Appendix II to this circular.

3. The adjustment represents the consideration for the Acquisition of HK$400,000,000, which will be settled by Golden Stone Management Limited, a wholly owned subsidiary of the Company, as to HK$370,000,000 in cash and HK$30,000,000 in issuing of a promissory note (the "**Promissory Note**"). Pursuant to the sale and purchase agreement dated 7 September 2015 entered into between Golden Stone Management Limited as purchaser and Sino Credit Holdings Limited as vendor, part of the consideration for the Acquisition shall be satisfied by the issuance of Promissory Note with a principle amount of HK$30,000,000, which is non-interest bearing and will be matured within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the lawsuit between the Target Group and the contractor in respect of not paying certain payment under the construction contract of the investment property wholly owned and controlled by the Target Group. For the purpose of this Unaudited Pro Forma Financial Information, the fair value of the Promissory Note is estimated to be HK$30,000,000, which is equivalent to the face value of the Promissory Note. The cash payment of HK$370,000,000 will be settled by the Group's internal resources.

4. Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Group acquired by the Group will be accounted for in the consolidated financial statements of the Enlarged Group at their respective fair values at the acquisition date under the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) *Business Combinations*.

   For the purpose of the Unaudited Pro Forma Financial Information, the allocation of the purchase price is determined based on the directors' estimation of the fair values of the identifiable assets and liabilities of the Target Group as at 31 August 2015, and it is assumed that the fair values of the identifiable assets and liabilities of the Target Group approximate to their carrying amounts as at 31 August 2015. The consideration of the Acquisition is assumed to be at fair value as if the Acquisition had been completed on 30 June 2015.

   The excess of the consideration of HK$400,000,000 over the fair values of the identifiable assets and liabilities of the Target Group acquired by the Group is recognised as goodwill. The goodwill arising on the Acquisition is calculated as follows:

	HK$'000
Consideration	
— Cash	370,000
— Promissory Note	30,000
	400,000
Less: Fair value of the identifiable net assets acquired *(Note a)*	(332,959)
Goodwill	67,041

Note:

(a) Fair value of the identifiable net assets acquired

	HK$'000
Carrying amount of the identifiable net assets of the Target Group	379,457
Less: goodwill included in the net assets of the Target Group	(46,498)
	332,959

The goodwill is tested for impairment at least annually or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable in accordance with the accounting policies of the Enlarged Group and the requirements of Hong Kong Accounting Standard 36 *Impairment of Assets*. The results of the Enlarged Group may be affected by impairment loss whenever the recoverable amount of the goodwill is lower than its carrying amount.

The directors of the Company have performed the necessary assessment on impairment of goodwill in accordance with the accounting policies of the Enlarged Group and the requirements under Hong Kong Accounting Standard 36 *Impairment of Assets*. With reference to the valuation report prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer not connected with the Enlarged Group, the directors of the Company are of the opinion that no impairment of goodwill is required as the recoverable amount of the Target Group exceeds the goodwill arising on the Acquisition and the fair values of the identifiable assets and liabilities of the Target Group acquired by the Group as at 31 August 2015.

The fair values of the identifiable assets and liabilities of the Target Group are assumed to be approximate to that of carrying amounts as of the completion date of Acquisition.

5. This adjustment represents the reclassification of amount due from a fellow subsidiary to other receivable, since in the opinion of the directors of the Company, it will no longer be the fellow subsidiary of the Target Group after the completion of the Acquisition.

6. The adjustment represents the estimated transaction costs of approximately HK$1,400,000, which are mainly professional fees payable by the Enlarged Group in connection with the Acquisition.

B. LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

20 October 2015

The Board of Directors
Eternity Investment Limited
Unit 3811
Shun Tak Centre, West Tower,
168-200 Connaught Road Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT CIRCULAR

To the Directors of Eternity Investment Limited

Dear Sirs,

We have completed our assurance engagement to report on the unaudited pro forma financial information of Eternity Investment Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") and Best Volume Investments Limited (the "**Target Company**") and its subsidiaries (collectively referred to as the "**Target Group**", together with the Group, hereinafter referred to as the "**Enlarged**

Group") by the directors of the Company (the "**Directors**") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2015 (the "**Unaudited Pro Forma Financial Information**") and related notes as set out on pages III-1 to III-6 of the circular issued by the Company on 20 October 2015 (the "**Circular**") in connection with the proposed acquisition of the entire equity interests of the Target Company (the "**Acquisition**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-2 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2015 as if the Acquisition had taken place on 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim report for the six months ended 30 June 2015, which has been reviewed by us.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountants' 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 ("**HKSAE**") 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 accountants 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited 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 accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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:

- the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- such a basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong

The following is the text of a letter, summary of values and a valuation certificate, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation as at 31 August 2015 of the Property.

15 October 2015

Cushman & Wakefield Valuation Advisory Services (HK) Limited

9/F St George's Building
2 Ice House Street, Central, Hong Kong
Tel: (852) 2956 3888
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www.cushmanwakefield.com

The Board of Directors
Sino Credit Holdings Limited
Suite 1502, 15/F,
Far East Finance Centre,
16 Harcourt Road,
Admiralty, Hong Kong

The Board of Directors
Golden Stone Management Limited
Unit 3811, Shun Tak Centre,
West Tower, 168-200 Connaught Road
Central, Hong Kong

Dear Sirs,

Preliminary

In accordance with your instruction to value a retail development located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Guangdong Province, The People's Republic of China (the "**Property**") for the transaction between Sino Credit Holdings Limited (the "**Seller**") and Golden Stone Management Limited (the "**Purchaser**"), we confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as of 31 August 2015 (the "**Valuation Date**").

Basis of Valuation

Our valuation of the property interests represents the "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 in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation has been prepared in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the International Valuation Standards (2013) published by the International Valuation Standards Council and effective from 1 January 2014; and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013.

Valuation Assumptions

Our valuation has been made on the assumption that the Seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

As the Property is held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the land use rights.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued 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.

We have not carried out detailed site measurement to verify the correctness of the site area in respect of the Property but have assumed that the site area shown on the documents and/or official plans handed to us by the Seller are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Site Inspection We have inspected the exterior and, where possible, the interior of the Property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

Valuation Methodologies In arriving at our opinion of Market Value of the Property which is an income-producing asset, we have adopted the Income Approach, assuming sales of the property interests in its existing state and subject to the existing tenancies.

The Income Approach is a common valuation approach used in income producing properties such as office, shopping arcades and hotels. The technique used in this valuation by Income Approach is the Term and Reversion Analysis.

The Term and Reversion Approach is a common technique and is suitable for the valuation of the Market Value of the Property. It operates by taking into account the net rental income of the Property derived from the existing tenancy with due allowance for the reversionary income potential, which are then capitalised into the value at an appropriate capitalisation rate.

We have not adopted Market Approach because the adoption of Market Approach is subject to the availability of transactions of similar asset in the market subject to leases. As the Property is a Ginza-type commercial property, similar properties are rare in the market. As the information of similar transaction is limited, we adopted the Income Approach to arrive our valuation opinion.

Source of Information We have relied to a very considerable extent on the information given by the Seller and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, identification of the Property and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Seller. We have also sought confirmation from the Seller that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Title Investigations We have been, in some instances, provided by the Seller with extracts of the title documents including the State-owned Land Use Rights Certificates and Real Estate Title Certificates relating to the property interest in the PRC, and have made relevant enquiries. However, we have not searched the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the Property. We have relied considerably on the advice given by the Purchaser's legal adviser – King & Wood Mallesons, concerning the validity of the Seller's title to the property interests in the PRC.

Currency & Exchange Rate Unless otherwise stated, all monetary sums stated in this report are in Renminbi Yuan (RMB). The exchange rate adopted in our valuations is approximately Hong Kong Dollar (HKD) 1 = RMB0.82442 which was approximately the prevailing exchange rate as at the valuation date.

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of

Cushman & Wakefield Valuation Advisory Services (HK) Limited

Vincent K. C. Cheung
RICS Registered Valuer
Registered Professional Surveyor (GP)
BSc (Hons) MBA FRICS MHKIS
Executive Director and Head of Valuation & Advisory, Greater China

Note: Mr. Vincent K. C. Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with 18 years' experience in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. Mr. Cheung is a fellow of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the "list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

SUMMARY OF VALUE

PROPERTY INTERESTS TO BE TRANSACTED IN THE PRC

Property	**Market Value in existing state as at 31 August 2015** *RMB*
A Retail Development located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	498,200,000

VALUATION CERTIFICATE

PROPERTY INTERESTS TO BE TRANSACTED IN THE PRC

A RETAIL DEVELOPMENT LOCATED AT NO. 33 NONGLINXIA ROAD, YUEXIU DISTRICT, GUANGZHOU, GUANGDONG PROVINCE, THE PRC

Property	**Description and tenure**	**Particulars of occupancy**	**Market Value in existing state as at 31 August 2015** *RMB*
A Retail Development located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	The Property comprises a parcel of land with a site area of approximately 690.97 square metres, on which is erected a 6-level Ginza-type commercial development, plus a 3-level basement. The Property was completed in 2013. The total gross floor area and total saleable area of the Property are approximately 6,795.54 square metres and 4,954.58 square metres respectively. The area breakdown of the Property is stated as below:	As at the valuation date, as per the tenancy agreements provided, the Property, except Basement Levels 2 and 3, was fully let and subject to various tenancy agreements for different terms with the latest lease expiring in December 2024. The total monthly rent is approximately RMB1,620,235 exclusive of management fee and utility charges. The carparking spaces are leased out on hourly basis.	*498,200,000 (Four Hundred Ninety Eight Million and Two Hundred Thousand)*

Units	**Gross Floor Area (square metres)**	**Saleable Area (square metres)**
B301	825.91	670.60
B201	883.86	644.34
B101	27.62	19.56
B102	883.95	621.24
101	584.19	518.79
201	314.64	198.10
202	494.19	308.63
301	386.00	230.25
302	474.44	281.23
401	855.82	647.19
501	836.69	670.64
601	228.23	144.01
Total	6,795.54	4,954.58

The land use rights of the Property were granted for a term of 40 years commenced from 10 July 2010 for commercial, office and carparking space uses.

Notes:

1. The valuation of the Property was prepared by Mr. Nick Yeung MRICS under the supervision of Mr. Alton Wong MRICS and Mr. Vincent Cheung FRICS and MHKIS.

2. The Property was inspected both externally and internally by Mr. Nick Yeung, MRICS on 14 September 2015. Mr. Nick Yeung is a Member of the Royal Institution of Chartered Surveyors (RICS) with over eight years' experience in real estate valuations.

3. Pursuant to the State-owned Land Use Rights Certificate, Sui Fu Guo Yong (2010) Di No. 01100060 dated 1 July 2010 and issued by The People's Government of Guangzhou Municipality, the land use rights of the Property with a site area of 1,374 square meters were granted to Guangzhou Yingrui Real Estate Development Co., Ltd. ("**Yingrui**") for a term of 40 years commenced from 10 July 2010 for commercial and financial uses. As advised by the Purchaser's legal advisor, the State-owned Land Use Rights Certificate was cancelled after the Real Estate Title Certificates of the Property were issued.

4. Pursuant to the twelve Real Estate Title Certificates all dated 25 November 2013 and issued by Guangzhou Municipal Land Resources And Housing Administrative Bureau, the building ownership and land use rights of the Property were legally vested in Yingrui. The land use rights of the Property were granted for a term of 40 years commenced from 10 July 2010.

   The details of the certificates are listed as follows:

Unit	Certificate No.	Building Permitted Use	Gross Floor Area (square metre)	Saleable Area (square metre)	Share Site Area (square metre)
B301	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502059	Carparking space	825.91	670.60	690.97
B201	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502058	Carparking space	883.86	644.34	690.97
B101	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502057	Commercial	27.62	19.56	690.97
B102	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502054	Commercial	883.95	621.24	690.97
101	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502052	Commercial	584.19	518.79	690.97
201	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502050	Commercial	314.64	198.10	690.97
202	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502051	Commercial	494.19	308.63	690.97
301	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502048	Commercial	386.00	230.25	690.97
302	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502049	Commercial	474.44	281.23	690.97
401	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502047	Commercial	855.82	647.19	690.97
501	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502046	Commercial	836.69	670.64	690.97
601	Yue Fang Di Quan Zheng Sui Zi Di No. 0120502045	Office	228.23	144.01	690.97
Total			**6,795.54**	**4,954.58**	

5. The general description and market information of the Property is summarized as below:

Location	:	The Property abuts Nonglinxia Road to the East, a residential and commercial development known as Yujuhuangfu to the north, a tenement building to the west and Nonglinxia Road 1 Horizontal Road to the south.
Transportation	:	Dongshankou Station and Ouzhuang Station of Metro Line No. 6 are both within 10 minutes walking distance from the Property. Various public bus routes and taxis are available along Nonglinxia Road.
Nature of Surrounding Area	:	The subject area is a predominately residential area in Yuexiu District. Some shopping arcades are available nearby the Property.
Market Yield in the Vicinity	:	About 4.0% to 5.0%
Market Rental in the Vicinity	:	Level 1 of Shopping Mall: About RMB900 to RMB1,500 per square metre per month on Gross Floor Area basis Basement Levels and Upper Levels (excluding Level 1) of Shopping Mall: About RMB130 to RMB800 per square metre per month on Gross Floor Area basis Level 1 of general retail property: About RMB600 to RMB1,150 per square metre per month on Gross Floor Area basis Basement Levels and Upper Levels (excluding Level 1) of general retail: About RMB95 to RMB550 per square metre per month on Gross Floor Area basis

6. The breakdown of tenancy details are as follows:

Tenant	Unit	Gross Floor Area (square metre)	Lease Commencement Date	Lease Expiry Date	Monthly Rent as at the Valuation Date *(RMB)*	Remarks
張玫	Whole Basement Level 1	911.57	1 August 2014	31 July 2024	173,040	3% increment of the rent for every year
恒生銀行(中國)有限公司	Portion of 101, 107 & 108	200.48	1 September 2014	31 August 2019	150,360	5% increment of the rent for the 2nd and 3rd year; and 7% increment of the rent for the 4th and 5th year
南昌銀行股份有限公司廣州分行	Portion of 101, 103, 104, 105 & 106	383.71	1 March 2015	29 September 2020	249,412	5% increment of the rent for every year
廣州市越秀區天星學習能力培訓中心	Whole Level 2	808.83	20 November 2014	19 November 2024	145,589	5% increment of the rent for every year
黄毅豪	Whole Level 3	860.44	1 October 2014	30 September 2022	150,577	3% increment of the rent every year from starting from the 3rd year
廣州市唐盛文化休閒有限公司	Whole Level 4	855.82	1 January 2015	31 December 2024	628,792	5% increment of the rent for every year
曾志坤	Levels 5 to 6	1,064.92	1 January 2015	31 December 2019	122,465	5% increment of the rent for every year
Total		**5,085.77**			**1,620,235**	

7. Pursuant to a Fixed Asset To Support Financing Agreement (Version 2012), Beijing Road Branch 2014 Xiang Jie Zi Di No. 003 dated 28 April 2014 and entered into between Industrial and Commercial Bank of China, Beijing Road Branch of Guangzhou (the "**Mortgagee**") and Yingrui, the Property is subject to a loan agreement in favour of the Mortgagee for a period of 96 months commenced from 28 April 2014 with an amount of RMB190,000,000.

8. Pursuant to a Maximum Mortgage Agreement, Beijing Road Branch 2014 Zui Gao Di Zi Di No. 060 dated 27 May 2014 and entered into between the mortgage Yingrui, the Basement Level 1, Levels 1 to 6 of the Property held under Yue Fang Di Quan Zheng Sui Zi Di No. 0120502057, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502054, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502052, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502050, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502051, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502048, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502049, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502047, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502046, Yue Fang Di Quan Zheng Sui Zi Di No. 0120502045, are subject to a mortgage in favour of the Mortgagee to secure general banking facilities occurring from 28 April 2014 to 31 May 2022 with a maximum amount of RMB326,031,200.

9. We have been provided with a legal opinion regarding the legality of the Seller's property interests by the Purchaser's PRC legal adviser, which contains, inter alia, the following:

   a. Yingrui has obtained the Real Estate Title Certificates of the Property and legally owns the Property;

   b. Subject to the mortgage and financing agreements and the seizure order on the Units B301, B201, B101, B102 and 501 disclosed in the legal opinion, Yingrui is entitled to occupy, use, transfer, lease, mortgage or other way to handle the Property within the term specified in the Real Estate Title Certificates;

   c. the use of the Property by Yingrui conforms the approved use specified in the Real Estate Title Certificates;

   d. regarding the mortgages disclosed in the legal opinion, the mortgages are effective and registered; and

   e. except the mortgages and the seizure order disclosed in the legal opinion, the property ownership is not subject to other third party rights or encumbrances including mortgages and seizure.

10. As advised by the Seller, Yingrui is currently involved in a civil lawsuit with Zhanjiang City No. 4 Construction Engineering Co., Ltd. (湛江市第四建筑工程有限公司) (the "**Contractor**"). On 1 April 2015, the Contractor commenced a lawsuit (the "**Lawsuit**") against Yingrui at the People's Court of the Yuexiu District, Guangzhou City with respect to certain outstanding payment of approximately RMB11.42 million (not including accrued interest) under the construction contract between Yingrui and the Contractor for the construction of the Property. The disputed amount of the Lawsuit includes approximately RMB1.42 million working progress fee, RMB1.00 million deposit and RMB9.00 million construction fee. On 7 April 2015, the People's Court of the Yuexiu District, Guangzhou City upon application of the Contractor, issued a seizure order on certain units within the Property to protect the interest of the Contractor to the extent of RMB15.00 million in value. The Lawsuit is now pending further review by the People's Court of the Yuexiu District, Guangzhou City.

    As the legal proceeding is in progress and the court judgment is still pending as at the valuation date, it is too remote for us to estimate any potential compensation or cost implication arisen from this Lawsuit. Nevertheless, We would like to remind the readers of this valuation report that our opinion of the Market Value of the Property does not take into account of any potential diminution of value of the Property due to any potential compensation and concerning costs involved in the Lawsuit and any legal impediment on conveyance of the Property.

11. We have valued the Property for the Seller's accounting purpose as at 31 October 2014 and 31 March 2015 and the market values are RMB483,200,000 and RMB496,900,000 respectively.

12. We have valued the Property for the Purchaser's accounting purpose as at 31 December 2014 and the market value is RMB488,800,000.

13. Virtue Crest Investments Limited, the intermediate holding company of the Property was transacted as at 11 August 2014. As advised by the Seller, the cost of acquisition was HK$380,032,000 and the total costs expended on the Property after the acquisition from 1 November 2014 to 31 August 2015 was RMB5,991,000.

14. Please be informed that this valuation would be issued for both Purchaser and Seller of the Property and both parties acknowledge that we are appointed by both parties for this valuation. Nevertheless, our valuation is our opinion of the Market Value of the Property and it is just a reference for both Purchaser and Seller. We declare that we do not involve in the negotiation of the terms of transaction including the price consideration and both parties' engagement to the transaction are of their own accord and the concerning transaction consideration is subject to their negotiation and judgment.

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 Company. 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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions

a. Shares

Name of Director	*Note*	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lei Hong Wai	*1*	Held by controlled corporations	211,416,000	7.89%
Mr. Cheung Kwok Wai, Elton	*1*	Held by controlled corporations	211,416,000	7.89%

Name of Director	*Note*	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Fan	*1*	Held by controlled corporations	211,416,000	7.89%
Mr. Chan Kin Wah, Billy		Beneficial owner	6,319,500	0.24%

Note:

1. Twin Success International Limited ("**Twin Success**") is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited. Silver Pacific International Limited is wholly-owned by Mr. Lei Hong Wai. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai, Elton and as to 50% by Mr. Cheung Kwok Fan.

b. Share options

Name of Director	Capacity	Number of share options held	Number of underlying Shares
Mr. Lei Hong Wai	Beneficial owner	1,001	1,001
Mr. Chan Kin Wah, Billy	Beneficial owner	1,001	1,001

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group or had any option in respect of such capital:

Long positions

a. Shares

Name of Shareholder	*Notes*	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Yuen Hoi Po	*1*	Held by controlled corporations	436,860,474	16.30%
Smart Concept Enterprise Limited	*1*	Beneficial owner	414,086,803	15.45%
Twin Success	*2*	Beneficial owner	211,416,000	7.89%
Silver Pacific International Limited	*2 and 3*	Held by controlled corporation	211,416,000	7.89%
Silver Pacific Development Limited	*2 and 4*	Held by controlled corporation	211,416,000	7.89%
Mr. Lei Hong Wai	*2 and 3*	Held by controlled corporations	211,416,000	7.89%
Mr. Cheung Kwok Wai, Elton	*2 and 4*	Held by controlled corporations	211,416,000	7.89%
Mr. Cheung Kwok Fan	*2 and 4*	Held by controlled corporations	211,416,000	7.89%
Asia Vest Partners VII Limited	*5*	Held by controlled corporations	129,412,174	9.95%
Asia Vest Partners X Limited	*5*	Held by controlled corporations	129,412,174	9.95%

Name of Shareholder	*Notes*	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Asia Vest Partners Limited	*5*	Held by controlled corporations	129,412,174	9.95%
Mr. Andrew Nam Sherrill	*5*	Held by controlled corporations	129,412,174	9.95%

Notes:

1. Smart Concept Enterprise Limited is wholly-owned by Mr. Yuen Hoi Po.

2. Twin Success is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited.

3. Silver Pacific International Limited is wholly-owned by Mr. Lei Hong Wai.

4. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai, Elton and as to 50% by Mr. Cheung Kwok Fan.

5. The number of issued Shares held and the approximate percentage of the issued share capital of the Company are based on the Disclosure of Interests Notices filed to the Company by the relevant Shareholders on 4 September 2007.

b. Share options

Name of Shareholder	Capacity	Number of share options held	Number of underlying Shares
Mr. Lei Hong Wai	Beneficial owner	1,001	1,001

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

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

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2014, being the date to which the latest published audited consolidated accounts of the Enlarged Group were made up.

5. COMPETING INTEREST

Save and except for (i) Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton and Mr. Cheung Kwok Fan (each an executive Director) having an indirect interest in approximately 16.13% of the issued share capital of Man Sang International Limited, a company listed on the Main Board of the Stock Exchange under stock code: 938 engaging in the development, sales and leasing of properties, through their beneficial interests in Twin Success and (ii) each of Mr. Lei Hong Wai and Mr. Cheung Kwok Wai, Elton being an executive director of Man Sang International Limited, as at the Latest Practicable Date, none of the Directors nor their respective associates (as defined under the Listing Rules) had any business or interest that competes or may compete with the business of the Enlarged Group or any other conflicts of interest with the Enlarged Group.

6. LITIGATIONS

As at the Latest Practicable Date, save as disclosed below, neither the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

(a) On 15 April 2010, a claim was brought by China Finance in High Court Action No. 526 of 2010 against Rexdale for failing to pay a service fee in the sum of HK$25,000,000 to China Finance. No provision for the claim was made in the audited consolidated financial statements of the Group for the year ended 31 December 2014 as Lafe Corporation Limited has undertaken to indemnify and keep indemnified the Enlarged Group against any and all losses, claims, damages, penalties, actions, demands, proceeding, judgment and costs arising from or in connection with the claim.

(b) On 20 March 2014, the Company announced that it came to its attention that the writ of summons in High Court Action No. 9 of 2014 was issued by The Grande Holdings Limited (in liquidation), Roderick John Sutton (as joint and several provisional liquidator of The Grande Holdings Limited), Fok Hei Yu (as joint and several provisional liquidator of The Grande Holdings Limited) and 65 other companies listed as plaintiffs against 25 defendants inclusive of One Synergy. One Synergy has, as at the Latest Practicable Date, not been served with the writ.

The action alleges, inter alia, that One Synergy is liable to the plaintiffs as a constructive trustee and/or by way of equitable compensation and/or an accounts of profits and/or restitution and/or damages as a knowing recipient and/or by reason of the knowing or dishonest assistance in the breaches of trust and/or breaches of fiduciary duties by various of the defendants and/or by reason of dealings between One Synergy and the plaintiffs otherwise being voidable (and avoided), void, unlawful or illegal, in respect of its receipt of the shares in The Grande Properties Ltd. (now known as Rexdale).

Riche (BVI) Limited, a wholly owned subsidiary of the Company, acquired the entire issued share capital of Adelio Holdings Limited, which is the holding company of One Synergy, from Vartan Holdings Limited, an Independent Third Party, pursuant to a sale and purchase agreement dated 25 May 2011. One Synergy acquired the entire issued share capital of Rexdale from Lafe Corporation Limited, being one of the defendants, pursuant to the Agreement. The entire issued share capital of Rexdale was sold by The Grande (Nominees) Ltd., being one of the plaintiffs, and The Grand Limited to Lafe Corporation Limited on or about 29 June 2007. The principal assets of Rexdale were the Kwun Tong Properties. The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an Independent Third Party, in July 2013.

One Synergy has sought counsel opinion on the writ and has been advised to defend the plaintiffs' claim in the said action. Counsel has advised that, based upon available evidence, there is nothing unusual in the Agreement and One Synergy would not have any express or constructive notice of the plaintiffs' alleged irregularities and/or fraudulent acts of the former directors and/or management officers of the plaintiffs and One Synergy should not be held liable to any part of the plaintiffs' claim and has good and valid defense thereto.

(c) On 23 January 2015, EDS received a writ of summons in High Court Action No. 200 of 2015 issued by Mr. Shum as plaintiff against EDS as defendant for the following claims:

(i) the Summary Judgment be set aside;

(ii) loss and damages suffered by Mr. Shum as a result of the Summary Judgment being obtained against him;

(iii) an order for discovery upon oath of all matters relating to the Summary Judgment;

(iv) an order for payment of all sums found due to Mr. Shum together with the interest thereon at such rate and for such period as the Court of First Instance may deem just pursuant to the High Court Ordinance;

(v) the costs; and

(vi) further or other relief.

(d) On 30 March 2015, EDS received a statement of claim in the High Court of Hong Kong filed by Mr. Shum in relation to the High Court Action No. 200 of 2015.

(e) On 1 April 2015, the Contractor commenced a lawsuit against Yingrui at the People's Court of the Yuexiu District, Guangzhou City with respect to certain outstanding payment of approximately RMB11,427,000 (not including accrued interest) (equivalent to approximately HK$13,936,000) under the construction contract between Yingrui and the Contractor for the construction of the Property. The disputed amount of the lawsuit includes working progress fee of RMB1,420,000 (equivalent to approximately HK$1,732,000), performance bond of RMB1,000,000 (equivalent to approximately HK$1,220,000) and construction fee of approximately RMB9,007,000 (equivalent to approximately HK$10,984,000). On 7 April 2015, the People's Court of the Yuexiu District, Guangzhou City upon application of the Contractor, issued a seizure order on certain units within the Property to protect the interest of the Contractor to the extent of approximately RMB15,000,000 (equivalent to approximately HK$18,293,000) in value. The lawsuit is now pending further review by the People's Court of the Yuexiu District, Guangzhou City.

Regarding the lawsuit, the Target Company has secured an unconditional undertaking from the Original Seller under which that the Original Seller agrees to pay to the Target Company or its assignee by way of damages an amount equal to any and all losses incurred by Yingrui and/or the Target Company resulting from, arising out of or in relation to the lawsuit, including without limitation payment under final effective judgment or settlement, and all other costs and expenses incurred in relation to the lawsuit.

(f) On 19 May 2015, EDS has commenced the legal proceedings in the Court of First Instance against Mr. Shum as the 1st Defendant, E IN International Group Limited as the 2nd Defendant, E IN Properties Limited as the 3rd Defendant and Grand Fill Enterprise Limited as the 4th Defendant for, amongst others, the following reliefs to recover the judgment debt under the Summary Judgment:

(i) Mr. Shum's interest in all the shares or shareholdings in the 2nd Defendant, 3rd Defendant and 4th Defendant ("**Mr. Shum's Shares**") which have been charged in favour of EDS be sold without further reference to the Court of First Instance by way of tender or public auction at the best price reasonably obtainable;

(ii) the solicitors for EDS shall have the conduct of the sale of Mr. Shum's Shares by appointing an agent, to sell Mr. Shum's Shares by way of tender or public action;

(iii) the execution of the requisite deeds or documents to effect the sale stated in paragraphs (i) and (ii) above by Mr. Shum or by the Registrar of the Court of First Instance;

(iv) EDS shall apply the sale proceeds from the sale of Mr. Shum's Shares to (1) pay the costs and expenses of effecting the above sale; (2) pay the costs of the legal proceedings; (3) pay the judgment debt (together with interest) under the Summary Judgment; and (4) pay the balance (if any) to Mr. Shum or into the Court of First Instance or as the Court of First Instance shall direct;

(v) further or alternative to paragraphs (i), (ii) and (iii) above, a receiver be appointed to (1) receive Mr. Shum's profits, income, benefits, interest and/or assets deriving and/or arising from Mr. Shum's Shares; and/or (2) to take over and/or realise Mr. Shum's Shares for the purpose of defraying the judgment debt (together with interest) under the Summary Judgment; and

(vi) the costs of the legal proceedings to EDS.

(g) On 9 June 2015, EDS has commenced the legal proceedings in the Court of First Instance against Mr. Shum as the 1st Defendant, Wing Lung Bank Limited as the 2nd Defendant and Hang Seng Bank Limited as the 3rd Defendant for, amongst others, the following reliefs to recover the judgment debt under the Summary Judgment:

(i) Mr. Shum's interest in the properties and/or lands situate at (1) House 4, The Baroque, Nos.1-7 Kau To Shan Road, Shatin, New Territories (the "**First Property**"); (2) Ground Floor, No. 1 Kau To Path, Lot No. 838 in DD171, Shatin, New Territories (the "**Second Property**"); and (3) Ground Floor, No. 1 Kau To Path, Lot No. 839 in DD171, Shatin, New Territories (the "**Third Property**") (collectively as the "**Properties**") which have been charged in favour of EDS be sold without further reference to the Court of First Instance by way of tender or public auction at the best price reasonably obtainable;

(ii) the solicitors for EDS shall have the conduct of the sale of the Properties by appointing an agent, to sell the Properties by way of tender or public auction;

(iii) the execution of the requisite deeds or documents to effect the sale stated in paragraphs (i) and (ii) above by Mr. Shum or by the Registrar of the Court of First Instance;

(iv) EDS shall apply the sale proceeds from the sale of the First Property to (1) pay the costs and expenses of effecting the above sale; (2) pay the costs of the legal proceedings; (3) pay the outstanding indebtedness owed to Hang Seng Bank Limited as secured by a mortgage over the First Property; (4) pay the judgment debt (together with interest) owed to EDS under the Summary Judgment; and (5) pay the balance (if any) to Mr. Shum or into the Court of First Instance or as the Court of First Instance shall direct;

(v) EDS shall apply the sale proceeds from the sale of the Second Property and the Third Property to (1) pay the costs and expenses of effecting the above sale; (2) pay the costs of the legal proceedings; (3) pay the outstanding indebtedness owed to Wing Lung Bank Limited as secured by a mortgage and a second legal charge over the Second Property and the Third Property; (4) pay the judgment debt (together with interest) owed to EDS under the Summary Judgment; and (5) pay the balance (if any) to Mr. Shum or into the Court of First Instance or as the Court of First Instance shall direct;

(vi) further or alternative to paragraphs (i), (ii) and (iii) above, a receiver be appointed to receive Mr. Shum's share of any rents, income and/or profits arising from the Properties;

(vii) such further and/or other directions as the Court of First Instance shall deem fit; and

(viii) the costs of the legal proceedings to EDS.

7. SERVICES CONTRACTS

As at the Latest Practicable Date, no Directors had entered into any services contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

8. MISCELLANEOUS

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the head office and principal place of business of the Company is situated at Unit 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

(b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited, having its office situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) Mr. Chan Kin Wah, Billy, the company secretary of the Company, is a member of the Hong Kong Institute of Certified Public Accountants, a CPA member of CPA Australia and a non-practicing member of the Chinese Institute of Certified Public Accountants. He holds a Bachelor of Administration Degree from University of Ottawa in Canada and a Master of Commerce Degree in Professional Accounting from University of New South Wales in Australia.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date, and are material:

(a) the letter of extension dated 30 October 2013 and entered into between New Cove Limited ("**New Cove**"), a wholly owned subsidiary of the Company, and EDS relating to extending the long stop date of the conditional subscription agreement dated 21 March 2013 from 31 October 2013 to 30 June 2014;

(b) the irrevocable undertaking dated 5 November 2013 given by Eternity Finance Group Limited ("**Eternity Finance**"), a wholly owned subsidiary of the Company, to China Star and Kingston Securities Limited (i) not to exercise its conversion rights attached to the convertible bonds in the principal of HK$225,000,000 issued by China Star to the close of business on 25 November 2013, being the record date for determining the entitlement to the open offer as announced by China Star on 5 November 2013; and (ii) the convertible bonds in the principal of HK$225,000,000 registered in the name of and beneficially owned by Eternity Finance will remain registered in the name of and beneficially owned by Eternity Finance from 5 November 2013, being the date of underwriting agreement, to the record date;

(c) the supplemental agreement dated 18 November 2013 and entered into between Eternity Finance, China Star, Kingston Securities Limited and Heung Wah Keung Family Endowment Limited relating to change the record date for the open offer as announced by China Star on 5 November 2013 from 25 November 2013 to 31 December 2013;

(d) the supplemental agreement dated 31 December 2013 and entered into between the Company and China Star relating to the further extension of completion date of the second tranche subscription of the convertible bonds of HK$300,000,000 to be issued by China Star pursuant to the conditional subscription agreement dated 21 January 2011 (as amended and supplemented by the supplemental agreements dated 28 March 2011 and 29 June 2012 respectively) from 31 December 2013 to 31 December 2015;

(e) the placing agreement dated 20 February 2014 and entered into between the Company and Kingston Securities Limited, pursuant to which the Company has conditionally agreed to place, through Kingston Securities Limited on a best effort basis, up to 91,000,000 new Shares to not fewer than six independent investors at a price of HK$0.78 per Share;

(f) the conditional sale and purchase agreement dated 1 April 2014 entered into between Riche (BVI) Limited as purchaser and Mr. Cheung Kwok Fan, a Director, as vendor in respect of the acquisition of the entire issued share capital in and the shareholder's loan due by Thought Diamond International Limited at a consideration of HK$286,102,297;

(g) the deed of variation dated 25 April 2014 entered into among Riche (BVI) Limited and Mr. Cheung Kwok Fan in relation to the amendment and modification of certain terms and the consideration of the conditional sale and purchase agreement dated 1 April 2014;

(h) the conditional sale and purchase agreement dated 30 May 2014 and entered into between Riche (BVI) Limited as vendor and Mr. Ng Cheuk Fai as purchaser relating to the sale and purchase of the entire issued share capital of Rich Daily Group Limited at a consideration of HK$2,000,000;

(i) the irrevocable undertaking dated 25 June 2014 given by New Cove to EDS and Kingston Securities Limited (i) to convert the convertible bonds issued by EDS in the principal amount of HK$25,000,000 into 25,000,000 new ordinary shares of EDS before the commencement of the book close period of the open offer announced by EDS on 25 June 2014; (ii) not to convert the remaining balance of the convertible bonds in the principal amount of HK$15,000,000 into 15,000,000 new ordinary shares of EDS before the record date for the open offer; (iii) to subscribe for or procure the subscription for 12,500,000 new ordinary shares of EDS to be allotted to it under its entitlement pursuant to the open offer; and (iv) to lodge the application form(s) in respect of the 12,500,000 new ordinary shares of EDS accompanied by the appropriate remittances which shall be honoured on first presentation prior to the latest time for acceptance under the open offer;

(j) the Original SPA;

(k) the placing agreement dated 15 August 2014 and entered into between EDS and Kingston Securities Limited, pursuant to which EDS has conditionally agreed to place, through Kingston Securities Limited on a best effort basis, up to 2,620,000 new ordinary shares of EDS to not fewer than six independent investors at a price of HK$3.15 per ordinary share of EDS;

(l) the deed of variation dated 19 September 2014 entered into among Riche (BVI) Limited and Mr. Cheung Kwok Fan in relation to the extension of the long stop date of the conditional sale and purchase agreement dated 1 April 2014 (as amended and modified by the deed of variation dated 25 April 2014) from 30 September 2014 to 31 October 2014;

(m) the conditional sale and purchase agreement dated 11 December 2014 and entered into between the Company as purchaser, Unique Talent Group Limited, a wholly owned subsidiary of Jiuhao Health, as vendor and Jiuhao Health as guarantor relating to the sale and purchase of the entire shareholding interests in Smart Title Limited and the assignment of the shareholder's loan due by Smart Title Limited at a consideration of HK$1,650,000,000;

(n) the conditional sale and purchase agreement dated 11 February 2015 and entered into between Victory Peace Holdings Limited, a wholly owned subsidiary of the Company, as purchaser and an Independent Third Party as vendor in relation to the sale and purchase of approximately 74.63% of the issued share capital of a company listed on the Growth Enterprise Market of the Stock Exchange, at a consideration of HK$197,757,000;

(o) the subscription agreement dated 17 February 2015 entered into between EDS as issuer and Xing Hang Limited, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited as subscribers relating to the proposed subscription of 345,000,000 new ordinary shares and 30,000,000 new convertible preferred shares of par value of HK$0.10 each in the share capital of EDS at a subscription price of HK$0.40 per ordinary share/convertible preferred share;

(p) the deed of undertaking dated 17 February 2015 and given by the Company, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited to Xing Hang Limited for not accepting the unconditional mandatory cash offer to be made by Kingston Securities Limited on behalf of Xing Hang Limited to acquire all the issued shares of EDS (other than the shares of EDS owned or agreed to be acquired by Xing Hang Limited and parties acting in concert with it) at the offer price of HK$4.07 per ordinary share of EDS;

(q) the supplemental agreement dated 30 March 2015 entered into between the Company, Unique Talent Group Limited and Jiuhao Health relating to the amendments of the forms of the club lease agreement and the share entitlement note attached to the conditional sale and purchase agreement dated 11 December 2014;

(r) the underwriting agreement dated 15 May 2015 and entered into between the Company and Kingston Securities Limited in relation to the underwriting arrangement in respect of the proposed issue of not less than 547,673,243 new Shares and not more than 593,921,844 new Shares by way of rights issue on the basis of one new Share for every one existing Share to the qualifying Shareholders held on a record date at a price of HK$0.70 per new Share;

(s) the termination agreement dated 19 May 2015 and entered into between Victory Peace Holdings Limited and the Independent Third Party for terminating the conditional sale and purchase agreement dated 11 February 2015;

(t) the deed of variation dated 20 May 2015 entered into between the Company and Kingston Securities Limited in relation to the amendments of certain definitions of the underwriting agreement dated 15 May 2015 entered into between the Company and Kingston Securities Limited;

(u) the legally binding letter agreement dated 8 June 2015 entered into between the Company as purchaser and Jiuhao Health as vendor relating to the sale and purchase of 12,196,000 shares in a company listed on the Main Board of the Stock Exchange at a consideration of HK$298,800,000;

(v) the supplemental agreement dated 12 June 2015 entered into between the Company, Unique Talent Group Limited and Jiuhao Health relating to the extension of the long stop date of the conditional sale and purchase agreement dated 11 December 2014;

(w) the termination letter agreement dated 18 June 2015 entered into between the Company and Jiuhao Health in relation to the termination of the legally binding letter agreement dated 8 June 2015;

(x) the supplemental agreement dated 19 June 2015 entered into between EDS, Xing Hang Limited, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited in relation to the extension of the long stop date of the conditional subscription agreement dated 17 February 2015;

(y) the supplemental agreement dated 28 August 2015 entered into between EDS, Xing Hing Limited, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited in relation to the further extension of the long stop date of the subscription agreement dated 17 February 2015;

(z) the Sale and Purchase Agreement;

(aa) the use of motor vehicle agreement dated 6 October 2015 entered into between 北京北湖九號商務酒店有限公司 (Beijing Bayhood No. 9 Business Hotel Company Limited#, "**Bayhood No. 9**"), a wholly owned subsidiary of the Company, and Jiuhao Health in relation to the grant of a right to Jiuhao Health and its subsidiaries to use the motor vehicles and the relevant motor vehicle licenses registered under Bayhood No. 9 for an infinite period commencing from 6 October 2015; and

(bb) the trademark licence agreement dated 6 October 2015 entered into between Bayhood No. 9 and Jiuhao Health in relation to the grant of a right to Jiuhao Health and its subsidiaries to continue to use the "Jiuhao" trademark registered under Bayhood No. 9 for one year commencing from 6 October 2015.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions and advices, which are contained in this circular:

Name	**Qualifications**
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Cushman & Wakefield Valuation Advisory Services (HK) Limited	Independent valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter or report and the references to its name in the form and context in which it appears.

Each of the above experts did not have any interests in any Shares or shares in any member of the Enlarged Group, or any right or option (whether legally enforceable

For the purpose of identification only

or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Enlarged Group as at the Latest Practicable Date.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interests in any assets which have since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to or by any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to or by any member of the Enlarged Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company at Unit 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the SGM:

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

(b) the annual reports of the Company for the financial years ended 31 December 2013 and 2014;

(c) the material contracts referred to in the paragraph headed "9. MATERIAL CONTRACTS" in this Appendix;

(d) a copy of each circular issued by the Company pursuant to the requirements set out in Chapter 14 of the Listing Rules which has been issued since 31 December 2014 (being the date of the latest published audited accounts);

(e) the accountants' report of the Target Group, the text of which is set out in Appendix II to this circular;

(f) the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(g) the valuation report of the Property as set out in Appendix IV to this circular;

(h) the written consent referred to in the paragraph headed "10. EXPERTS AND CONSENTS" in this Appendix; and

(i) this circular.

ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Eternity Investment Limited (the "**Company**") will be held at Meeting Room (Soho 2), 6/F., ibis Hong Kong Central & Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 6 November 2015 at 10:30 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement dated 7 September 2015 (the "**Sale and Purchase Agreement**") (a copy of which has been produced at the Meeting and marked "A" and initialed by the chairman of the Meeting for the purpose of identification) entered into between Sino Credit Holdings Limited as vendor and Golden Stone Management Limited, a wholly owned subsidiary of the Company, as purchaser in relation to the sale and purchase of the entire equity interests of Best Volume Investments Limited at a consideration of HK$400,000,000 be settled in accordance with the terms under the Sale and Purchase Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents, including affixing the Company's seal, where applicable, which in his/their opinion may be necessary or expedient to give effect to the terms of the Sale and Purchase Agreement or any of the transactions contemplated under the Sale and Purchase Agreement."

By Order of the Board
Eternity Investment Limited
Lei Hong Wai
Chairman

Hong Kong, 20 October 2015

Registered office:	*Head office and principal place of business in Hong Kong:*
Clarendon House	Unit 3811
2 Church Street	Shun Tak Centre, West Tower
Hamilton HM 11	168-200 Connaught Road Central
Bermuda	Hong Kong

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.

3. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the Meeting or any adjournment thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

7. The voting on the resolution will be conducted by way of poll.