This summary aims at giving you an overview of the information contained in this circular. As it is a summary, it does not contain all the information that may be important to you. You should read the whole circular before making a decision as to how you would cast your votes at the EGM in relation to the transactions and the appropriate course of action for yourself. There are risks associated with any business. You should read the section headed "Risk factors" in this circular carefully before making a decision on the transactions.

The Enlarged Group recorded a pro forma net loss for the year ended 31 December 2014. Please refer to the section headed "Financial information of the Group — Further financial information of the Group" in Appendix II to this circular for more details.

BACKGROUND

This circular is to provide the Shareholders with further information in connection with the Proposed Restructuring, among other things, (i) the Capital Reorganisation; (ii) the [REDACTED]; (iii) the Acquisition; (iv) the Whitewash Waiver; (v) the Subscription; (vi) the Special Deal; (vii) the adoption of the New Memorandum and Articles; and (viii) the proposed appointment of proposed Directors, and to give a notice to the Shareholders of the EGM. This circular also provides additional information on the Creditors' Scheme and the Target Group as required under the Listing Rules in connection with the New [REDACTED] Application. Please refer to the section headed "Letter from the Board" in this circular for more details.

Trading in the Shares on the Stock Exchange has been suspended since 27 November 2009. The Acquisition forms part of the Resumption Proposal seeking the resumption of trading in the New Shares. Upon completion of the Acquisition, the Group will have a sufficient level of operation while the proceeds from the [REDACTED] will improve the financial and liquidity position of the Group based on the financial effect of the Proposed Restructuring, details of which are set out in the section headed "Letter from the Board — Financial effects of the Proposed Restructuring" in this circular. The Directors believe that the terms of the Acquisition Agreement are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. The Company entered into the Acquisition Agreement on 31 March 2014 with the Vendors, pursuant to which the Company will acquire the Sale Equity Interest. Under the Acquisition Agreement, the Company shall purchase from the Vendors the Sale Equity Interest, being the entire equity interest in the Target Company. The entire issued share capital of the Target Company is owned as to 50% by Mr. Shie and 50% by Mr. Tsoi. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the Enlarged Group will hold 98.387% interest in certain real estate projects in Quanzhou, Fujian Province and Yangzhou, Jiangsu Province in the PRC. The Vendors will become the Controlling Shareholders holding 70% of the enlarged issued share capital of the Company.

CHANGE OF PRINCIPAL BUSINESS ACTIVITIES OF THE ENLARGED GROUP AFTER RESUMPTION

The Vendors do not intend to continue the existing businesses of the Group. After completion of the Acquisition and the Disposal, the Enlarged Group will primarily focus on the development and sale of residential properties in the PRC after Resumption. Other than the introduction of the business of the Target Group and the Disposal, the Vendors do not intend to introduce any major change to the Enlarged Group's business (including any re-deployment of the Enlarged Group's fixed assets) nor does it intend to discontinue the employment of any of the Group's employees after Resumption. Please refer to the section headed ''Letter from the Board'' in this circular for further details.

BUSINESS OF THE TARGET GROUP

The Target Group is a residential property developer primarily focusing on the development and sale of residential properties in Quanzhou, Fujian Province and Yangzhou, Jiangsu Province of the PRC through its two project companies, namely Hui An China General and Yangzhou Dehui. The Target Group devotes its operational focus on identifying and acquiring suitable locations and sites for development, planning and design of property development projects and formulating sales and marketing strategy. The Target Group engages qualified contractors, construction supervision companies, sales agencies and property management companies to provide design, construction, sales and marketing and property management services and supervises their performance. As at the Latest Practicable Date, the property portfolio of the Target Group comprises two property development projects in Quanzhou and Yangzhou, namely (i) the Binjiang International Project (濱江國際項目) and (ii) The Cullinan Bay Project (天璽灣項目). The Target Group only completed and generated revenue from the sales of properties of the Binjiang International Project during the Track Record Period. All the construction work of the Binjiang International Project has been completed and only a small portion of the project remains unsold. The Target Group is developing Stage 2 of Phase 1 of The Cullinan Bay Project and plans to start developing Phase 2 of The Cullinan Bay Project in March 2016 as at the Latest Practicable Date. The Target Group will significantly rely on the development and sale of The Cullinan Bay Project in the future. The summary of the portfolios of both projects as at 31 December 2015 is as follows:

Project name and development phase	**Status of construction**	**GFA completed** *(sq.m.)*	**GFA under development** *(sq.m.)*	**Planned GFA for future development** *(sq.m.)*
Binjiang International Project				
— Phases 1–4	Completed	394,701.13	—	—
The Cullinan Bay Project				
— Stage 1 of Phase 1	Completed	40,294.94	—	—
— Stage 2 of Phase 1	Under development	—	112,213.55	—
— Phase 2	Held for future development	—	—	105,890.00

The table below sets out a summary of the Binjiang International Project and The Cullinan Bay Project as at 31 December 2015:

PROJECTS	**CONSTRUCTION SITE AREAS**	**COMPLETED**				**UNDER DEVELOPMENT**				**FUTURE DEVELOPMENT**
		GFA completed *(Note 1)*	**GFA sold**	**Saleable GFA remaining unsold**	**Saleable GFA**	**GFA under development** *(Note 1)*	**GFA pre-sold**	**Saleable GFA remaining unsold**	**Saleable GFA**	**Planned GFA** *(Note 1)*
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
Binjiang International Project	83,399.00	394,701.13	307,831.31	17,283.62	325,114.93	—	—	—	—	—
The Cullinan Bay Project	81,749.27	40,294.94	20,629.25	4,678.95	25,308.20	112,213.55	6,574.54	13,081.97	19,656.51	105,890.00 *(Note 2)*
Total GFA	165,148.27	434,996.07	328,460.56	21,962.57	350,423.13	112,213.55	6,574.54	13,081.97	19,656.51	105,890.00

Notes:

1. Comprised the portion of GFA held by the Target Group as amenities not saleable.
2. It is planned that Phase 2 of The Cullinan Bay Project would comprise residential properties of 80,151.00 sq.m. which will become saleable after the Target Group obtains the relevant pre-sale permits.

Description of the projects

Binjiang International Project

The Binjiang International Project is a residential project located in the intersection of 324 National Highway and Xibin Park (溪濱公園) in Huian County, Quanzhou, Fujian Province, the PRC with a completed GFA of approximately 394,701 sq.m.. It consists primarily of high-rise residential buildings and includes ancillary retail shops, kindergarten, clubhouse, swimming pool and car parking spaces. The greening rate and plot ratio of the properties are 43% and 3.89 respectively. The Target Group developed the project in four phases comprising 18 blocks of high-rise residential buildings with an aggregate GFA of approximately 394,701 sq.m.. It comprises a residential area of approximately 308,781 sq.m., retail shops area of approximately 16,334 sq.m., kindergarten of approximately 2,833 sq.m., clubhouse of approximately 1,121 sq.m. and aboveground and underground ancillary area (comprising car parking space and area for ancillary facilities) of approximately 65,631 sq.m..

The Cullinan Bay Project

The Cullinan Bay Project is a residential project located in the west of Wangjiang Road, north of Dingxing Road and east of Linjiang Road in Yangzhou, Jiangsu Province, the PRC. It consists primarily of high-rise residential buildings and ancillary retail shops and clubhouse facilities. The planned greening rate and plot ratio of the properties are 35% and 2.30 respectively. The Target Group is developing the project in two phases comprising 15 blocks of high-rise residential buildings with an aggregate GFA of approximately 40,295 sq.m. of completed properties, an aggregate GFA of approximately 112,214 sq.m. held under development and an aggregate planned GFA of approximately 105,890 sq.m. held for future development. It will comprise residential area of approximately 181,255 sq.m., retail shops of approximately 3,843 sq.m. and above-ground and underground ancillary area (comprising car parking space, clubhouse and area for ancillary facilities) of approximately 73,301 sq.m..

COMPETITIVE STRENGTHS OF THE TARGET GROUP

The proposed Directors believe that the Target Group has the following competitive strengths: (i) geographical and market advantages of Quanzhou and Yangzhou; (ii) an experienced management team; (iii) high quality residential properties with a living community; and (iv) established reputation and corporate recognition. The proposed Directors believe that the success of the Target Group is attributable to their commitment to high quality residential properties and their attention to details. The Binjiang International Project was accredited the "Top Ten Model Residence Park in the PRC 2006* (2006中國十大典範公園住宅)" and "The Best Supreme Model Residence in the PRC 2006* (2006中國最佳超級戶型典範住宅)" and The Cullinan Bay Project received the awards of "Property with Best Potential in Yangzhou 2014* (2014年度揚州最具潛力樓盤)" and the "Model Property of Yangzhou — Property Brand Value Ranking 2014* (2014房地產品牌價值榜城市典範名盤)".

BUSINESS STRATEGIES OF THE TARGET GROUP

The business strategies of the Target Group is to focus on developing quality residential properties accompanied with a living community to customers in cities with high growth potential, in particular the third and fourth tier cities in the PRC. To implement its strategy and achieve its goal, the Target Group engages qualified contractors, construction supervision company, agencies and property management companies to provide design, construction, sales and marketing and property management services and supervises their performance and manages the overall project development process.

Further, the proposed Directors also implement the following business strategies in order to seek sustainable growth: (i) continue to acquire land for residential property development in prime locations in cities with high economic growth potential, in particular the third and fourth tier cities in the PRC; (ii) continue to focus on providing quality residential properties with a living community to customers; (iii) strengthen its corporate recognition and presence in the property market; (iv) continue to develop existing property development projects and acquire land reserves to sustain future growth; (v) continue to exercise prudent financial control in order to ensure sustainable growth and sufficient financial resources; and (vi) attract, retain and motivate talented personnel by offering competitive remuneration packages. For more information, please refer to the section headed "Business of the Target Group" in this circular.

COMPETITIVE LANDSCAPE

The PRC real estate market has been highly competitive in recent years. The projects of Target Group are located in either Quanzhou or Yangzhou. Due to the regional nature of the real estate industry, the Target Group's major competitors consist of property developers developing residential properties in Quanzhou or Yangzhou. Some of the Target Group's competitors may have better track record, better financial, marketing and land resources, more extensive sales networks and stronger brand. Increasing competition in these cities may lead to an increase in competition for quality sites, land acquisition costs, intensified price competition and delay in the new property developments review and approval by the governmental authorities. The proposed Directors believe that the major entry barriers of other new incoming property developers to the property market in Quanzhou and Yangzhou include limited knowledge of the local property market conditions and limited brand recognition. For more information, please refer to the section headed "Industry overview" in this circular.

LATEST DEVELOPMENT OF THE PRC PROPERTY MARKET

According to the Market Research Report, under the effects of domestic investment, consumption and rapid growth of the PRC economy, the PRC property market has been growing rapidly. The total investment in real estate development projects in the PRC increased from approximately RMB3,120 billion in 2008 to approximately RMB9,504 billion in 2014, representing a CAGR of approximately 20.4%. According to the Market Research Report, in 2014, the total GFA of residential properties completed was approximately 1,925 million sq.m., the GFA of residential properties under construction was approximately 6,890 million sq.m. and the GFA of residential properties sold was approximately 1,052 million sq.m.. Both the GFA of residential properties under construction and residential properties sold show a significant increase when compared to those in 2008. Meanwhile, due to the increase of demand in the residential property market by investors and end-users, both the transaction volume and price of residential properties increased.

Also, the official borrowing and saving rates of the People's Bank of China reached the peak in July 2011 and it was adjusted downward twice in 2012, once in 2014 and five times in 2015. As a result of this change in monetary policy, the financing costs to purchase properties are lowered. It is expected to improve the liquidity and stimulate the demand of the property market and to maintain the market to grow at a steady rate.

For details, please refer to the section headed "Industry overview" in this circular.

THE PRC GOVERNMENT AUSTERITY MEASURES IN PROPERTY MARKET

According to the Market Research Report, the PRC government has put in place certain policies which are intended to stabilise the real estate prices and control the real estate loan in the PRC. These policies primarily relate to, among others, control over purchasing properties for speculation and adjustment of the minimum capital ratio of fixed asset investment projects according to the economic situations and the necessity of macro-economic control. For details of the aforesaid regulations, please refer to "Summary of principal PRC legal and regulatory provisions" in Appendix VII to this circular.

The proposed Directors are of the view that, based on (i) the results of operations of the Target Group during the Track Record Period and up to the Latest Practicable Date and (ii) the fact that the Target Group had no material obstacles in obtaining bank borrowings during the Track Record Period, these austerity measures did not and would not have any material adverse impact on the business operations of the Target Group.

FUTURE DEVELOPMENT AND PLAN OF THE TARGET GROUP

Set out below is an actual/planned development schedule of The Cullinan Bay Project:

	Actual/Planned commencement date of construction	Actual/Planned pre-sale commencement date	Actual/Planned completion date of construction	Planned delivery date of properties
The Cullinan Bay Project				
— Stage 1 of Phase 1	October 2013	May 2014	May 2015	June 2016
— Stage 2 of Phase 1	May 2014	July 2015	December 2016	June 2017
— Phase 2	March 2016	November 2016	December 2017	June 2018

The following table sets out details of the development costs and source of funds of the Binjiang International Project and The Cullinan Bay Project incurred or estimated to be incurred as at 31 October 2015:

	Development costs incurred *(RMB million)*				
Project phases	**Land acquisition costs paid**	**Construction and development costs and capitalised finance costs paid**	**Construction and development costs and capitalised finance costs to be paid**	**Estimated further development costs to complete the relevant phase** *(RMB million)*	**Total development costs** *(RMB million)*
The Binjiang International Project					
Phase 1	13.4	201.0	1.2	—	215.6
Phase 2	9.0	176.0	2.5	—	187.5
Phase 3	18.0	223.9	1.4	—	243.3
Stage 1 of Phase 4	7.2	179.3	1.1	—	187.6
Stage 2 of Phase 4	4.2	110.1	1.0	—	115.3
Sub-total	**51.8**	**890.3**	**7.2**	**—**	**949.3**
The Cullinan Bay Project					
Stage 1 of Phase 1	50.8	127.7	17.1	32.1	227.7
Stage 2 of Phase 1	150.3	101.0	72.1	294.5	617.9
Phase 2	135.8	16.3	1.0	430.1	583.2
Sub-total	**336.9**	**245.0**	**90.2**	**756.7**	**1,428.8**
Total	**388.7**	**1,135.3**	**97.4**	**756.7**	**2,378.1**

The Target Group financed the development costs by bank borrowings, capital contribution advanced by the shareholders of the Target Group and internally generated funds. The Target Group intends to finance the future development costs by bank borrowings and internally generated funds. For more information, please refer to the section headed "Business of the Target Group" in this circular.

The proposed Directors intend to implement a prudent and disciplined corporate strategy to promote steady and sustainable growth of the Target Group. The Target Group will continue to identify potential land parcels suitable for its development projects and expand its land reserves in Fujian Province and Jiangsu Province and other cities with high economic growth potential, in particular the third and fourth tier cities in the PRC in order to sustain its growth. It will also continue to acquire land through various means, such as public tender, auction and listing-for-sale organised by the relevant PRC governmental authorities or acquisitions of controlling equity interests in entities that hold land use rights. As at the Latest Practicable Date, except for the Target Group's entering into a letter of intent for a prospective land acquisition, details is set out in the section headed "Business of the Target Group — Future Property Development Plans" in this circular, the Target Group had yet to identify land for extending its market foothold but will strive to look for suitable land in cities with high economic growth potential at a competitive cost to sustain its long-term growth. The proposed Directors expect to fund its expansion plans with internal resources and bank borrowings. For further information of the future property development plans of the Target Group, please refer to the section headed "Business of the Target Group" in this circular.

RISK FACTORS

There are certain risks involved in the business and operations of the Enlarged Group and in connection with the Acquisition. The risks can be categorised into: (i) risks relating to the Acquisition, the [REDACTED] and the Subscription Agreements; (ii) risks relating to the Enlarged Group; (iii) risks relating to the PRC in general; and (iv) risks relating to this circular.

These risk factors are further described in the section headed "Risk factors" in this circular. Set forth below are some of the major risks that may materially and adversely affect the Enlarged Group: (i) completion of the Acquisition is subject to the fulfilment of the conditions precedent and there is no assurance that they can be fulfilled and/or the Acquisition will be completed as contemplated; (ii) the shareholding percentages of the existing Shareholders in the Company will be substantially diluted immediately following the completion of the [REDACTED] and the transactions contemplated under the terms of the Subscription Agreements and the Acquisition Agreement; (iii) the Company may not be able to attain the public float immediately following the completion of the [REDACTED]; (iv) the growth prospects of the Enlarged Group depend on continual and successful operation and growth of the Target Group; (v) the Target Group's historical sales performance may not be taken as an indication of future prospects and results of operations; and (vi) the Target Group's operating results are dependent on the sale of properties, which in turn depends on a number of factors including schedule of property development and delivery, and timing of property sales.

CUSTOMERS AND SUPPLIERS

The customers of the Target Group are primarily individual purchasers in the PRC. In general, the Target Group enters into a standard sale and purchase agreement with its customers, which specifies information such as the property units to be sold, GFA of the property to be sold, purchase price, method of payment and expected date of delivery of the completed property. A customer may purchase the property either by a lump sum payment, instalments, with mortgage loan financing or payment via housing provident fund accounts. In connection with mortgage loans of customers for purchase of pre-sale properties, the Target Group provides corporate guarantee to PRC banks provisionally for financing the purchases. Such guarantee is released at the earlier of (i) the bank received the individual property ownership certificate of the relevant property from the customer as security for the mortgage loan; and (ii) the full settlement of mortgage loans by the customers. If any customer defaults on his or her payment obligations under the mortgage loan during the terms of such guarantee, the bank may request the Target Group to fulfill such payment obligation. As at 31 October 2015, the outstanding balance of the mortgage loans guaranteed by the Target Group was approximately RMB353.5 million.

The Target Group engages qualified contractors, construction supervision companies, sales agencies and property management companies to provide design, construction, sales and marketing and property management services and supervises their performance. The overall project development process is comprehensively managed and monitored by the Target Group. The major suppliers of the Target Group consist of (i) construction contractors which include qualified building construction contractors, telecommunications network construction contractors and lift installation contractors; (ii) suppliers of construction materials (such as steel and concrete mix); and (iii) external design firms which are responsible for property design of the Target Group's project.

SUMMARY OF FINANCIAL INFORMATION OF THE TARGET GROUP

The following is a summary of the Target Group's consolidated results for the Track Record Period, which was extracted from the Accountants' Report on the Target Group in Appendix I to this circular.

Highlights of consolidated statements of profit or loss and other comprehensive income

	Years ended 31 December			Ten months ended 31 October	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	90,603	203,689	256,532	183,120	86,796
Gross profit	26,801	47,682	69,827	48,886	47,371
Profit before tax	22,447	39,736	53,661	36,419	39,822
Profit and total comprehensive income for the year/period	15,295	27,372	35,813	23,592	20,985
Profit and total comprehensive income for the year/period attributable to owners of the Target Company	15,031	26,836	35,094	23,053	20,598

Note:

For further information about the unaudited consolidated financial information of the Target Group for the ten months ended 31 October 2014, please refer to the section headed "Appendix V — Letters from the reporting accountant of the Group and the Independent Financial Adviser on loss estimate of the Group, loss forecast of the Enlarged Group and the unaudited financial information of the Target Group".

Highlights of consolidated statements of financial position

	At 31 December			At 31 October
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)
Non-current assets	103,748	116,315	123,185	126,508
Current assets	736,471	852,681	809,233	909,739
Current liabilities	757,323	848,575	244,668	332,944
Non-current liabilities	13,282	23,435	186,850	181,418
Net current (liabilities) assets	(20,852)	4,106	564,565	576,795
Net assets	69,614	96,986	500,900	521,885

Highlights of consolidated statements of cash flows

	Years ended 31 December			Ten months ended 31 October	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Net cash (used in) from operating activities	(157,819)	4,159	(58,001)	(70,447)	26,646
Net cash (used in) from investing activities	(15,624)	(58,031)	53,861	56,444	(17,153)
Net cash from (used in) financing activities	167,553	61,420	100,225	105,539	(24,651)
Net (decrease) increase in cash and cash equivalents	(5,890)	7,548	96,085	91,536	(15,158)
Cash and cash equivalents at beginning of year/period	27,864	21,974	29,522	29,522	125,607
Effect of foreign exchange rate changes	—	—	—	—	333
Cash and cash equivalents at end of year/period	21,974	29,522	125,607	121,058	110,782

Revenue by phases of the Binjiang International Project

The Target Group's revenue was recognised upon completion and delivery of the properties to the customers. The following table shows the breakdown of the Target Group's revenue by different phases of the Binjiang International Project for the periods indicated:

	Years ended 31 December									Ten months ended 31 October 2015					
	2012			2013			2014			2014			2015		
	Revenue	Total saleable GFA delivered	ASP	Revenue	Total saleable GFA delivered	ASP	Revenue	Total saleable GFA delivered	ASP	Revenue	Total saleable GFA delivered	ASP	Revenue	Total saleable GFA delivered	ASP
	RMB'000	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000* (unaudited)	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*
Phase 1	16,748	4,876.76	3,434	29,444	9,051.32	3,253	12,663	2,580.06	4,908	9,587	1,914.67	5,007	2,663	753.48	3,534
Phase 2	44,110	11,362.94	3,882	45,473	11,790.00	3,857	20,646	3,917.15	5,271	16,649	3,132.52	5,315	21,482	3,289.00	6,531
Phase 3	29,745	8,203.62	3,626	42,163	11,107.70	3,796	2,885	555.39	5,193	2,348	388.76	6,040	2,340	625.22	3,743
Stage 1 of Phase 4	—	—	—	86,609	22,131.04	3,913	112,787	26,858.16	4,199	109,631	26,112.94	4,198	8,239	1,148.77	7,172
Stage 2 of Phase 4	—	—	—	—	—	—	107,551	21,920.19	4,906	44,905	9,152.46	4,906	52,072	6,464.73	8,055
Total	90,603	24,443.32	3,707	203,689	54,080.06	3,766	256,532	55,830.95	4,595	183,120	40,701.35	4,499	86,796	12,281.20	7,067

Fair value change of investment properties

The kindergarten and car parking spaces of the Binjiang International Project, which were held by the Target Group during the Track Record Period for rental income and/or for capital appreciation, were classified and accounted for as investment properties at their fair values in the consolidated statements of financial position in accordance with HKFRSs. The fair values of the Target Group's investment properties, which was valued by DTZ, was approximately RMB101.5 million, RMB112.8 million, RMB117.2 million and RMB119.1 million for the Track Record Period respectively. The changes in fair values of investment properties would be recognised in the consolidated statements of profit or loss and other comprehensive income in the corresponding periods. For the years ended 31 December 2012, 2013 and 2014 and the ten months ended 31 October 2015, gains from fair value changes in investment properties were approximately RMB5.9 million, RMB7.9 million, RMB4.4 million and RMB1.9 million respectively, accounting for approximately 26.3%, 19.9%, 8.2% and 4.8% of the Target Group's profit before tax respectively, or approximately 39.3%, 29.5%, 12.5% and 9.2% of the profit attributable to owners of the Target Group respectively. If the gains from fair value changes in investment properties were excluded, the Target Group's profit before tax for the years ended 31 December 2012, 2013 and 2014 and the ten months ended 31 October 2015 would have been approximately RMB16.5 million, RMB31.9 million, RMB49.3 million and RMB37.9 million respectively.

KEY FINANCIAL RATIOS OF THE TARGET GROUP

The following table sets forth the key financial ratios of the Target Group as at/for the periods indicated. For more details, please see the section headed "Financial information of the Target Group — Key financial ratio analysis" in this circular.

	Years ended 31 December/ As at 31 December			Ten months ended 31 October 2015/ As at 31 October
	2012	**2013**	**2014**	**2015**
Return on equity (%)	26.8%	32.9%	12.0%	4.9%
Return on total assets (%)	2.4%	3.0%	3.8%	2.6%
Current ratio (times)	1.0	1.0	3.3	2.7
Quick ratio (times)	0.1	0.2	0.7	0.5
Gearing ratio (%)	614.8%	508.0%	48.2%	44.2%
Net debt to equity ratio (%)	583.3%	477.5%	23.1%	23.0%
Interest coverage	N/A	25.1	28.1	193.4

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

The Target Group's business model, revenue and cost structure remained unchanged since 31 October 2015. Based on its unaudited management accounts for the two months ended 31 December 2015, its unaudited average monthly revenue for the two months ended 31 December 2015 was comparatively lower than the average monthly revenue for the ten months ended 31 October 2015 primarily due to lesser units being delivered in two months ended 31 December 2015 after commencement of the delivery of completed properties of the final phase, i.e. Stage 2 of Phase 4, of the Binjiang International Project in June 2014.

As far as the proposed Directors are aware, there have been no material changes in the general economic and market conditions in the PRC or the property market in which the Target Group operates that would materially and adversely affected its business operations or financial condition since 31 October 2015 and up to the date of this circular. The proposed Directors confirm that there had not been any material adverse change in the financial, operational or trading position or the prospects of the Target Group since 31 October 2015 and up to the date of this circular. The Directors confirm that there had not been any material adverse change in the financial, operational or trading position or the prospects of the Enlarged Group since 31 October 2015 and up to the date of this circular, except for the one-off Deemed [REDACTED] expenses.

Upon completion of the Acquisition and the Resumption and assuming that completion of the Acquisition would take place in July 2016, the Enlarged Group expects to record a net loss of not more than RMB301 million for the year ending 31 December 2016, which is prepared in accordance with the bases and assumptions as set out in Appendix V to this circular. Major items causing the loss for the year ending 31 December 2016 will be the Deemed [REDACTED] expenses of the Proposed Restructuring. Assuming the completion of the Proposed Restructuring takes place in 2016, it is expected that the Deemed [REDACTED] expenses will be charged to the profit or loss for the year ending 31 December 2016. For the purpose of preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group which is set out in Appendix IV to this circular, the Proposed Restructuring was assumed to have taken place on 1 January 2014, and Deemed [REDACTED] expenses of approximately HK$404.9 million are charged to the profit or loss. Details of the Deemed [REDACTED] expenses are set out in note 12(a) of Appendix IV to this circular. Furthermore, the Group expects to record a net loss of not more than RMB135 million for the year ended 31 December 2015, which is prepared in accordance with the bases and assumptions as set out in Appendix V to this circular. Such loss is mainly due to the finance costs which are mainly interest expenses on bank borrowings and convertible loans of the Group on a non-recurring basis. The said finance costs are not expected to recur since the relevant indebtedness shall be settled in accordance with the terms of the Creditors Schemes. For details, please refer to the paragraph headed "Appendix II — Financial information of the Group".

For further information about the loss estimate of the Group for the year ended 31 December 2015 and the loss forecast of the Enlarged Group for the year ending 31 December 2016, please refer to the section headed "Appendix V — Letters from the reporting accountant of the Group and the Independent Financial Adviser on loss estimate of the Group, loss forecast of the Enlarged Group and the unaudited financial information of the Target Group".

NON-COMPLIANCE INCIDENTS

During the Track Record Period, the Target Group was involved in certain material non-compliance incidents including failure to make social insurance and housing provident fund contribution in full and open accounts within the prescribed time limit, and use of personal bank accounts for settlement of corporate funds including receipt of pre-sale proceeds for the purchase of properties from customers. Each of the Controlling Shareholders have given the Company an indemnity covering the liabilities arising from the non-compliance incidents. For details, please refer to the section headed "Business of the Target Group — Legal proceedings and compliance — Compliance".

CONTROLLING SHAREHOLDERS

Immediately following the Completion, Mr. Shie, Mr. Tsoi, Fame Build and Talent Connect will collectively be beneficially interested in 70% of the issued share capital of the Company. Accordingly, Mr. Shie, Mr. Tsoi, Fame Build and Talent Connect are the Controlling Shareholders for the purpose of the Listing Rules.

Apart from the Target Group, during the Track Record Period and as at the Latest Practicable Date, Mr. Shie and Mr. Tsoi held interests in companies that have the business scope of property development in the PRC. To ensure that competition will not exist in the future, the Controlling Shareholders will enter into the Deed of Non-Competition with the Company to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly, participate in, engage in, or conduct any business which may be in competition with the business of the Enlarged Group. For further details of the Controlling Shareholders, please refer to the section headed "Relationship with Controlling Shareholders" in this circular.

[REDACTED]

The Company proposes to undertake the [REDACTED] on the basis of two (2) [REDACTED] for every one (1) New Share held by the Qualifying Shareholders on the [REDACTED] Record Date. A total of [REDACTED] [REDACTED] will be allotted and issued by the Company to the Qualifying Shareholders and/or the [REDACTED] at the [REDACTED] Price of [REDACTED] for each [REDACTED]. The [REDACTED] will be conditional upon Completion. For details, please refer to the section headed "Letter from the Board — The [REDACTED]".

PROPERTY VALUATION OF THE ENLARGED GROUP AS AT 30 NOVEMBER 2015

As at 30 November 2015, the aggregate appraised market value attributable to the Target Group of properties held for sale, properties held for investment and properties held under development were approximately RMB180.8 million, RMB83.0 million and RMB676.9 million, respectively. The valuation method adopted by DTZ was based on the investment approach by considering the capitalised rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the property interests or, wherever appropriate, the direct comparison approach by making reference to comparable sales evidence as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties. In valuing the properties held for future use in the PRC, DTZ conducted the valuation on the basis that the property will be developed and completed in accordance with the Target Group's latest development proposal provided to DTZ. In the course of valuation of the properties, DTZ has assumed that (i) transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid; (ii) the owners have the enforceable title to the properties and free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired term as granted; and (iii) the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their value. The Directors cannot assure that the assumptions used by DTZ will be realised. For further details of the assumptions and valuation basis, please refer to the Property Valuation Report.

PROFIT ESTIMATE OF THE TARGET GROUP FOR 2015

On the bases set out in Appendix III to this circular, the proposed Directors estimate that the unaudited consolidated profit attributable to owners of the Target Company is as follows:

Estimated profit attributable to owners of the Target Company for the year ended 31 December 2015 *(Note)*	not less than RMB21.0 million (approximately HK$25.1 million)

Note:

The bases on which the above profit estimate has been prepared are summarised in Part A of Appendix III to this circular. The proposed Directors have prepared the estimated profit attributable to owners of the Target Group for the year ended 31 December 2015 based on the audited financial results for the ten months ended 31 October 2015 and the unaudited management accounts of the Target Group for the remaining two months ended 31 December 2015.

LOSS ESTIMATE OF THE GROUP FOR 2015

On the bases and assumptions set out in Appendix V to this circular, the Directors estimate that the unaudited net loss of the Group is as follows:

Estimated net loss of the Group for the year ended 31 December 2015 *(Note)*	not more than RMB135 million (approximately HK$161 million)

Note:

The above loss estimate is prepared in accordance with the bases and assumptions as set out in Appendix V to this circular. Such loss is mainly due to the finance costs which are mainly interest expenses on bank borrowings and convertible loans of the Group on a non-recurring basis. The said finance costs are not expected to recur since the relevant indebtedness shall be settled in accordance with the terms of the Creditors Schemes.

LOSS FORECAST OF THE ENLARGED GROUP FOR 2016

On the bases and assumptions set out in Appendix V to this circular and assuming that completion of the Acquisition would take place in July 2016, the Directors forecast that the unaudited consolidated net loss of the Enlarged Group is as follows:

Forecasted net loss of the Enlarged Group for the year ending 31 December 2016*(Notes)*	not more than RMB301 million (approximately HK$360 million)

Notes:

1. The above forecasted net loss is prepared in accordance with the bases and assumptions as set out in Appendix V to this circular. Such loss is mainly attributable to the Deemed [REDACTED] expenses of approximately HK$467 million, and partially offset by the gain on disposal of Disposed Group of approximately HK$82 million, all of which are not expected to recur. The Deemed [REDACTED] expenses as represented by the Company's [REDACTED] status is expensed in consolidated profit or loss as the [REDACTED] status does not qualify for recognition as an intangible asset. For more details, please refer to the unaudited pro forma financial information of the Enlarged Group under Appendix IV to this circular. If such non-recurring items were excluded, the Enlarged Group would record a forecasted net profit of approximately RMB21 million (or approximately HK$25 million) for the year ending 31 December 2016. Such forecast is only based on the preliminary review of the latest available information which has not been audited by the auditors of the Enlarged Group and therefore may be subject to change or adjustments. Actual results may differ from the above forecast and assumptions.

2. Following completion of the Proposed Restructuring, the Enlarged Group will be principally engaged in the business of the Target Group, i.e. development and sales of residential properties, which had profitable results during the Track Record Period, amounting to approximately RMB15.3 million, RMB27.4 million, RMB35.8 million and RMB21.0 million for the years ended 31 December 2012, 2013, 2014 and the ten months ended 31 October 2015, respectively.

SELECTED UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The table below sets out selected unaudited pro forma financial information of the Enlarged Group as at 30 June 2015. For more details, please refer to the section headed "Unaudited pro forma financial information of the Enlarged Group" set out in Appendix IV to this circular.

	Unaudited consolidated net tangible assets of the Group	Unaudited consolidated net tangible assets of the Group per share	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per share
	HK$'000	*HK$*	*HK$'000*	*HK$*
Consolidated net tangible assets attributable to owners of the Company	(2,063,694)	(1.06)	[REDACTED]	[REDACTED]

TRANSACTION EXPENSES

The aggregate fees, together with the Stock Exchange [REDACTED] fee, legal and other professional fees, printing and other expenses relating to the Acquisition, the [REDACTED] and the Subscription, are estimated to be approximately HK$40.2 million. Among the estimated total transaction expenses of approximately HK$40.2 million, approximately HK$0.6 million of which is directly attributable to the issue of [REDACTED] that will be accounted for as a deduction from equity upon issuance of the [REDACTED] as it incurred. Transaction expenses of approximately HK$14.6 million and HK$25.6 million had been charged to the profit or loss for the year ended 31 December 2014 and for the ten months ended 31 October 2015, respectively, and it is expected that no additional transaction expenses would be charged to the profit or loss for the remaining two months ended [REDACTED]. The substantial portion of the estimated total transaction expenses is non-recurring in nature.

DIVIDEND

During the Track Record Period, the Company and the Target Group did not declare or pay any dividend, which may not reflect the Company's future intention to declare dividends. The Company currently does not have a fixed dividend policy. The Board has the discretion to determine whether to declare any dividend for any period and, if it decides to declare a dividend, the amount of dividend to be declared. The Company will evaluate its dividend policy from time to time in light of its financial position and the prevailing economic climate. The determination to pay dividends, however, will be made at the discretion of the Board and will be based upon the Company's earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that the Board deems relevant.

RECOMMENDATIONS AND THE EGM

The Board has appointed the Independent Financial Adviser to advise the Independent Shareholders in relation to the [REDACTED], the Subscription, the Acquisition, the application for Whitewash Waiver, the Special Deal and the transactions contemplated thereunder. The Independent Financial Adviser is of the view that the terms and conditions of the Proposed Restructuring including but not limited to the [REDACTED], the Subscription, the Acquisition, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Financial Adviser recommends the Independent Shareholders to vote in favour of the resolutions in relation to the Capital Reorganisation, the [REDACTED], the Subscription, the Acquisition, the Whitewash Waiver and the Special Deal to be proposed at the EGM.

A notice of the EGM to be held at Room 101, The Boys' & Girls' Clubs Association of Hong Kong, 3 Lockhart Road, Wanchai, Hong Kong on [REDACTED], [REDACTED] at [REDACTED] is set out on pages EGM-1 to EGM-7 of this circular for the purpose of considering and, if thought fit, approving the Capital Reorganisation, the [REDACTED], the Acquisition, the Whitewash Waiver, the Subscription, the Special Deal, the adoption of the New Memorandum and Articles and the proposed appointment of the proposed Directors. Voting on the resolutions at the EGM will be taken by poll.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

The Concert Group would be required to make a mandatory general offer for all the issued shares of the Company (not already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code as a result of the issue of the Consideration shares, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Vendors have made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, in which parties of the Concert Group and those who are involved in or interested in the Proposed Restructuring will abstain from voting on the relevant resolution(s). If the Whitewash Waiver is granted by the Executive, the Concert Group will not be required to make a mandatory offer which would otherwise be required as a result of the acquisition of the Consideration Shares. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the Acquisition Agreement will lapse and consequentially the Subscription Agreements, the [REDACTED] Agreement, the Disposal Agreement and the [REDACTED] will lapse.

Special Deal

As the Disposal will not be extended to other existing Shareholders, the Disposal constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code, and will be conditional upon obtaining the prior consent of the Executive under Rule 25 of the Takeovers Code. An application has been made to the Executive for consent under Rule 25 of the Takeovers Code for the Disposal. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly states that in its opinion the terms of the Special Deal are fair and reasonable; and (ii) the Special Deal is approved by the Independent Shareholders at the EGM by way of poll. Shareholders including (i) the Purchaser, Mr. Ng and parties acting in concert with any of them; and (ii) any Shareholders (if any) who are involved in or interested in the Proposed Restructuring and/or the Special Deal, including the concert Group, will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.