THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tempus Holdings Limited (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

TEMPUS
騰邦控股

TEMPUS HOLDINGS LIMITED
騰 邦 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06880)

CONNECTED TRANSACTION AND MAJOR TRANSACTION

ACQUISITION OF 61.75% EQUITY INTEREST IN SHENZHEN TEMPUS VALUE CHAIN CO., LTD.*

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Lego Corporate Finance Limited
力高企業融資有限公司

Capitalised terms used in this cover page have the same meanings as those defined in this circular. A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 29 of this circular.

A notice convening the EGM to be held on Friday, 14 July 2017 at 11:00 a.m. at 2/F, Tempus Group Building, No. 9 Taohua Road, Futian Free Trade Zone, Shenzhen, the PRC is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

* *for identification purposes only*

23 June 2017

CONTENTS

Page

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

"Acquisition"	the proposed acquisition by the Company of the Equity Interest held by the Vendor in the Target Company pursuant to the Sale and Purchase Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company from time to time
"Company"	Tempus Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	within five business days (or such other day as the parties to the Sale and Purchase Agreement may agree in writing) after the fulfilment of all the conditions precedent (or, if applicable, waiver thereof except for conditions precedent which cannot be waived as specified in the sub-section headed "Letter From The Board — II. The Acquisition — Conditions precedent") of the Sale and Purchase Agreement in accordance with the terms thereof
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected subsidiary"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held on Friday, 14 July 2017 at 11:00 a.m. at 2/F, Tempus Group Building, No. 9 Taohua Road, Futian Free Trade Zone, Shenzhen, the PRC for the Independent Shareholders to consider and approve the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Target Group
"Equity Interest"	the 61.75% equity interest held by the Vendor in the Target Company
"Group"	the Company and its subsidiaries from time to time

"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of, among other things, the Acquisition and the Sale and Purchase Agreement
"Independent Financial Adviser"	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Sale and Purchase Agreement
"Independent Shareholders"	Shareholders other than (i) Tempus Holdings (Hong Kong) Limited and its associates; and (ii) those who are involved in or interested in the Sale and Purchase Agreement (if any)
"Latest Practicable Date"	19 June 2017, 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
"Long Stop Date"	60 days after the date of approval of the Acquisition and the Sale and Purchase Agreement at the EGM
"PRC"	the People's Republic of China, which for the sole purpose of this circular excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 26 May 2017 entered into between the Vendor and the Company in relation to the Acquisition
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Company"	深圳市騰邦價值鏈股份有限公司 (Shenzhen Tempus Value Chain Co., Ltd.*), a joint stock limited company established in the PRC, further details of which are set out in the sub-section headed "Letter from the Board — IV. Information of the Parties — Information on the Target Group" below
"Target Group"	the Target Company and its subsidiaries
"Tempus Group"	騰邦集團有限公司 (Tempus Group Co., Ltd.*), a company established in the PRC and the controlling shareholder of the Vendor
"Vendor"	騰邦物流集團股份有限公司 (Tempus Logistics Group Holding Ltd.*), a company established in the PRC and the indirect substantial shareholder of the Company holding approximately 66.3% of the total issued shares of the Company through Tempus Holdings (Hong Kong) Limited
"%"	per cent

* *For ease of reference, the names of the PRC established companies or entities and the PRC laws and regulations (if any) have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

\# *Unless specified otherwise, the exchange rate of RMB1=HK$1.1163 has been used, where applicable, for illustration purposes only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate, at any other rates or at all.*

TEMPUS
腾邦控股

TEMPUS HOLDINGS LIMITED
騰 邦 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 06880)

Executive Directors:
Mr. Li Dongming *(Chief Executive Officer)*
Mr. Huang Jingkai *(Vice Chairman)*
Mr. Yip Chee Lai, Charlie

Non-executive Directors:
Mr. Zhong Baisheng *(Chairman)*
Ms. Zhang Yan

Independent non-executive Directors:
Mr. Han Biao
Mr. Wong Lit Chor, Alexis
Mr. Li Qi

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
26th Floor, Pacific Plaza
410 Des Voeux Road West
Hong Kong

23 June 2017

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION AND MAJOR TRANSACTION ACQUISITION OF 61.75% EQUITY INTEREST IN SHENZHEN TEMPUS VALUE CHAIN CO., LTD.*

I. INTRODUCTION

Reference is made to the announcement of the Company dated 26 May 2017 in relation to the Sale and Purchase Agreement entered into between the Company, as purchaser, and the Vendor, as vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Equity Interest i.e. the entire 61.75% equity interest held by the Vendor in the Target Company for a cash consideration of RMB48,165,000. The Acquisition is subject to the satisfaction of the conditions as set out in the sub-section headed “II. The Acquisition — Conditions precedent” below.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Acquisition and the terms of the Sale and Purchase Agreement; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition and the terms of the Sale and Purchase Agreement; and (iv) a notice of the EGM.

II. THE ACQUISITION

The Sale and Purchase Agreement

Date: 26 May 2017

Parties:
(1) the Company (as the purchaser); and

(2) the Vendor (as the vendor).

Equity interest to be acquired

The Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Equity Interest i.e. the entire 61.75% equity interest held by the Vendor in the Target Company, subject to the terms and conditions of the Sale and Purchase Agreement.

Further details of the Target Company are set out in the sub-section headed "IV. Information of the Parties — Information on the Target Group" below.

The consideration

The consideration for the Acquisition of RMB48,165,000 payable by the Company to the Vendor shall be settled by cash within three business days from the Completion Date.

The consideration will be funded by internal resources of the Group, bank borrowing and other debt financing, or a combination of any of these.

Basis for determination of the consideration

The consideration for the Acquisition was determined based on arm's length negotiations between the Company and the Vendor with reference to various factors including, among others, the consolidated audited financial information, in particular the profit and total comprehensive income of the Target Group for the financial year ended 31 December 2016, the net assets value of the Target Group as of 31 December 2016, the price-to-earnings ratio and the business prospects of the Target Group and the synergies of the Target Group to the Group.

Further details of the business prospects of the Target Group and the synergies of the Target Group to the Group are set out in the sub-section headed "III. Reasons for and benefits of the Acquisition" below.

Conditions precedent

Completion is subject to and conditional upon the following conditions precedent having been fulfilled to the Company's satisfaction or, save and except for conditions (4), (5), (6) below, waived by the Company:

(1) all representations and warranties given by the Vendor pursuant to the Sale and Purchase Agreement remaining true, accurate and complete from the date of the Sale and Purchase Agreement up to and including the Completion Date;

(2) no events or circumstances which have or may have a material adverse effect on the business, financial conditions or prospect of the Target Company having occurred;

(3) the board of directors and shareholders of the Vendor having approved the Acquisition in accordance with its articles of association and applicable laws and regulations;

(4) the Company having obtained the approval of the Acquisition and the terms of the Sale and Purchase Agreement by the Independent Shareholders at the EGM in accordance with the Listing Rules and its articles of association;

(5) the Target Company having completed the registrations, alterations and filings with all necessary PRC government authorities in connection with the Sale and Purchase Agreement and the transfer of the Equity Interest; and

(6) transfer of the Equity Interest does not violate any relevant PRC laws and regulations and is not regarded as in violation of any laws and regulations by the relevant PRC government authorities.

Save and except for conditions (4), (5), (6), all of the above conditions can be waived by the Company, while the Vendor is not entitled to waive any of the conditions. If the conditions are not satisfied or waived (where applicable) and the Completion does not take place on or before the Long Stop Date i.e. 60 days from the date of approval of the Acquisition at the EGM, the Company is entitled to terminate the Sale and Purchase Agreement by written notice to the Vendor within seven days after the Long Stop Date. As at the Latest Practicable Date, (i) none of the above conditions has been fulfilled; (ii) no condition (where applicable) has been waived; and (iii) the Company does not have intention to waive any of the conditions precedent.

Completion

The Completion is expected to take place on the Completion Date i.e. within five business days from the date of satisfaction of all the conditions precedent or waiver thereof (where applicable), or such other day as the parties to the Sale and Purchase Agreement may agree in writing.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and it is expected that the Acquisition will not give rise to goodwill or bargain purchase gain.

III. REASONS FOR AND BENEFITS OF THE ACQUISITION

Enhance the service capability and industrial distribution of the Company in the field of commercial commodity circulation

The Target Company, with contract logistics service as its core business, provides customers with integrated value chain services, including trunk transport, professional warehousing and value-added services. The Target Company focuses on providing value to the supply side with innovative services, by way of gathering information through feedbacks to guide the manufacturer's production plan; promoting warehousing management to buyers to achieve minimum inventory and to improve the capital efficiency; and implementing transport distribution to improve the time rate of goods deliveries. At present, the Target Company mainly cooperates with international major tire manufacturers to provide them with one-stop logistics services, and extends the provision of logistics services to the upstream of automotive industry chain. The Target Company also provides professional logistics services to well-known auto parts enterprises, supplies automotive after-market supply chain services to e-commerce platform, as well as international logistics freight forwarding business to other customers.

The Company has set health services and commercial commodity circulation as the dual focuses of its business development strategy. The Acquisition will enhance the fundamental service capability of the Company in the field of commercial commodity circulation to link up different sections of its domestic and overseas logistics services. The Target Group, as the principal domestic value chain service provider of the Company in the commercial commodity circulation segment, will complete the value chain services of the Company in such segment with the provisions of basic logistic services and platform services including urban distribution and supply chain financing, respectively, to customers.

Enhance the ability to acquire premium commodity resources to provide supports for the development of cross-border commercial and trading businesses

Logistics and product flow are inseparable, business growth will drive logistics services, logistics services will then support the implementation of trading business. Upon completion of the Acquisition, subsidiaries of the Company, namely Tempus Sky Enterprises Limited and Tempus Cross-border Commercial Service Limited, and the Target Group will be the main operating entities of the commercial commodity circulation segment of the Company and based on their existing service capabilities and resources, they serve to continuously enhance the level of logistics services of the Company. By serving reputable traders, Tempus Sky Enterprises Limited and Tempus Cross-border Commercial Service Limited, and the Target Group shall support the solid development of cross-border trading business of the Company through consolidating their premium commercial commodity resources by acting as the cooperation agents of those reputable traders.

Achieve synergetic development with the current logistics business and further improve the Company's profitability

Currently, the Company, through its subsidiary, namely Sky Logistics and Supply Chain Limited, has started to provide warehousing, delivery and re-export services in Hong Kong. The Target Company is mainly involved in the provision of contract logistics services, focusing on logistics and transport between major cities in China and intra-city logistics and transport. The Acquisition will open up the onshore-offshore logistics services segment, serve to develop an integrated value chain services and achieve synergetic development. At the same time, by satisfying the diversified and one-stop needs of the customers, the profitability of the Company shall be further enhanced. In the future, by leveraging the resource integration and capital operation ability of the Company as well as through external merger and acquisition, the Company will further integrate the upper and lower commercial commodity circulation value chain and further improve the distribution of the commodity circulation segment of the Company.

The Directors (including members of the Independent Board Committee) consider that the Acquisition and the terms and conditions of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

IV. INFORMATION OF THE PARTIES

Information on the Company

The Company is an investment holding company. The Group is principally engaged in the development and sales of health and wellness products, and cross-border trading and logistics business.

Information on the Vendor

The Vendor is a joint stock limited company established in PRC and its principal business activity is logistics business in the Futian Free Trade Zone of China, including customs clearance, bonded storage and Shenzhen/Hong Kong freight transports. The Vendor, through its indirect wholly-owned subsidiary, Tempus Holdings (Hong Kong) Limited, holds approximately 66.3% of the issued share capital of the Company. The controlling shareholder of the Vendor is Tempus Group, which holds a 65% equity interest in the Vendor. Tempus Group is a conglomerate established in the PRC engaging in business services, modern logistics, fine wine exchange platform and operation of "Shenzhen (Futian) Internet Financial Industrial Park". The majority shareholder of Tempus Group is Mr. Zhong Baisheng, who has a 67% equity interest in Tempus Group and is also a Director of the Company.

Information on the Target Group

The Target Company is a joint stock limited company established in PRC and is principally engaged in providing supply chain solution including third-party (or contract) logistics and storage, management consulting and other value-added services. It provides third party logistics services to manufacturers of tyres and automobile spare parts, and has extended its services to automobile after-market and other fields. Its third-party (or contract) logistics and storage business mainly involve (i) logistics and transport between major cities in the PRC; (ii) intra-city logistics and transport; and (iii) special storage services. The Target Company is held as to 61.75% by the Vendor. The Target Company was established by the Vendor and its business partner in 2005. The total initial registered capital of the Target Company was RMB 8,000,000, which was contributed as to RMB 5,200,000 by the Vendor, representing 65% of the total initial registered capital.

As at the Latest Practicable Date, the Target Company was held as to (i) 14.25% by 深圳騰邦價值鏈股權投資合夥企業(有限合夥) (Shenzhen Tengbang Value Chain Equity Investment Partnership Corporation (limited partnership)*), which was held by Mr. Zhong Baisheng, one of the Directors of the Company, as to 99.9% interest and as a general partner; (ii) 9.5% by Ms. Duan Naiqi, who holds 33% equity interest in Tempus Group and is also a director of the Target Company and the Tempus Group; (iii) 5% by 深圳市騰邦梧桐線上旅遊投資企業(有限合夥) (Shenzhen Tengbang Wutong Online Travel Investment Corporation (limited partnership)*), a limited partner holding 43.35% interest of which is 深圳市騰邦國際商業服務股份有限公司(Shenzhen Tempus Global Business Service Holding Ltd.*), which is in turn held by the Tempus Group as to 31.84%; (iv) 4.75% by an individual, who is a director of the Target Company and the Tempus Group; and (v) 4.75% by an individual who is a director of the Target Company. Upon Completion, if Mr. Zhong Baisheng continues to control its substantial shareholding in the Target Company, the Target Company will become a connected subsidiary of the Company and transactions between them will constitute connected transactions of the Company. As at the Latest Practicable Date, there are no continuing connected transactions between the Group and the Target Company.

The Target Company has three wholly-owned subsidiaries, namely (i) 深圳市騰邦金牛車生活科技有限公司 (Shenzhen Tengbang Jinniuche Life Technology Co., Ltd.*), which was established in September 2016 and has not yet commenced business; (ii) 上海騰邦供應鏈有限公司 (Shanghai Tengbang Supply Chain Co., Ltd.*), which is principally engaged in storage, packaging and distribution of a wide range of cross-border commodities outside the PRC; and (iii) 深圳前海騰邦價值鏈有限公司 (Shenzhen Qianhai Tengbang Value Chain Co., Ltd.*), which is principally engaged in logistics and distribution of tyres and automobile spare parts between major cities in the PRC.

Financial information of the Target Group

The registered capital of the Target Company is RMB52,631,579. The capital contribution of the Vendor is RMB32,500,000, representing 61.75% of the registered capital.

Set below is the financial information of the Target Group for the two financial years ended 31 December 2015 and 31 December 2016 as extracted from the accountants' report of the Target Group set out in Appendix II to this circular:

	For the year ended 31 December 2015	For the year ended 31 December 2016
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Revenue	154,462	160,168
Profit before taxation	27,462	18,040
Profit after taxation	20,220	13,305
Net asset value	117,263	77,655

As the business of the Target Company has been established by the Vendor and its business partners, there is no book value available in respect of the assets of the Target Company.

V. FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

Upon Completion, the Company will hold 61.75% equity interest in the Target Company and the Target Company will become a non-wholly owned subsidiary of the Company. The financial results, assets and liabilities of the Target Company will be consolidated into the Group's financial statements.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group following the Acquisition as set out in Appendix IV to this circular, the total assets of the Enlarged Group following the Acquisition would increase from approximately HK$622 million to approximately HK$673 million as at 31 December 2016, while the total liabilities of the Enlarged Group following the Acquisition would increase from approximately HK$221 million to approximately HK$240 million as at 31 December 2016, assuming that the Target Group had been in existence within the Group on 31 December 2016.

Earnings

Based on the consolidated statements of profit or loss and other comprehensive income in the accountants' report of the Target Group as set out in Appendix II to this circular, the Target Group was profit making for the years ended 31 December 2014, 31 December 2015 and 31 December 2016.

Barring any unforeseen circumstances, the Directors believe that the Target Group will continue to make profit and given that its financial results will be consolidated into the accounts of the Group upon Completion, it is expected that the earnings of the Enlarged Group will increase as a result of the Acquisition.

The details of the financial effect of the Acquisition on the financial position together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information are set out, for illustration purpose only, in Appendix IV to this circular.

VI. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Vendor, through Tempus Holdings (Hong Kong) Limited, indirectly holds approximately 66.3% of the total issued share capital of the Company. Accordingly, as the Vendor is a substantial shareholder and a connected person of the Company, the Acquisition constitutes a connected transaction of the Company. Since the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition also constitutes a major transaction of the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

(1) Mr. Zhong Baisheng, by virtue of him being the majority shareholder and a director of Tempus Group, which in turn has a 65% equity interest in the Vendor; (2) Ms. Zhang Yan, being the treasury director of Tempus Group and a Director of the Company; and (3) Mr. Huang Jingkai, being a director of Tempus Group and a Director of the Company; are deemed to have a material interest in the Sale and Purchase Agreement. Accordingly, they have abstained from voting on the board resolutions in connection with the Acquisition and the Sale and Purchase Agreement. Other than the aforesaid Directors, no other Directors have a material interest in the Acquisition and the Sale and Purchase Agreement and are not requested to abstain from voting on the board resolutions approving the same.

The Independent Board Committee

The Independent Board Committee has been formed to advise the Independent Shareholders on the Acquisition and the terms of the Sale and Purchase Agreement. None of the members of Independent Board Committee has any interest or involvement in the transactions contemplated under the Sale and Purchase Agreement. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the terms of the Sale and Purchase Agreement.

Shareholders required to abstain from voting

The Acquisition is subject to the approval of the Independent Shareholders at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Acquisition and the terms of the Sale and Purchase Agreement. The voting in relation to the Acquisition and the Sale and Purchase Agreement at the EGM will be conducted by way of a poll. As at the Latest Practicable Date, Tempus Holdings (Hong Kong) Limited, which held a total 232,104,800 Shares, representing approximately 66.3% of the issued share capital of the Company, shall abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Acquisition and the Sale and Purchase Agreement.

EGM

A notice convening the EGM to be held on Friday, 14 July 2017 at 11:00 a.m. at 2/F, Tempus Group Building, No. 9 Taohua Road, Futian Free Trade Zone, Shenzhen, the PRC for the purpose of considering and, if thought fit, passing the ordinary resolutions set out therein is set out on pages EGM-1 to EGM-3 of this circular.

You will find enclosed the proxy form for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM, or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 11 July 2017 to Friday, 14 July 2017, both days inclusive, and no transfers of the shares of the Company will be effected during such period. In order to be entitled to attend and vote at the EGM, all transfers of shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong by no later than 4:30 p.m. on Monday, 10 July 2017.

VII. RECOMMENDATION

Having considered, among other things, the reasons set out herein and taken into account the advice of the Independent Financial Adviser, the Directors (including members of the Independent Board Committee) are of the view that the Acquisition and the terms and conditions of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the usual and ordinary course of business of the Company, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution in respect of the Acquisition and the Sale and Purchase Agreement to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders and the letter from the Independent Financial Adviser set out on pages 16 to 29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the terms of the Sale and Purchase Agreement and the principal factors and reasons considered by it in arriving its opinions.

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

By Order of the Board
Tempus Holdings Limited
Zhong Baisheng
Chairman

* *for identification purposes only*

TEMPUS
騰邦控股

TEMPUS HOLDINGS LIMITED
騰邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 06880)

23 June 2017

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION AND MAJOR TRANSACTION ACQUISITION OF 61.75% EQUITY INTEREST IN SHENZHEN TEMPUS VALUE CHAIN CO., LTD.*

We refer to the circular of Tempus Holdings Limited (the "Company") dated 23 June 2017 (the "Circular") to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement. The text of the letter of advice from Lego Corporate Finance Limited containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 16 to 29 of the Circular.

Independent Shareholders are recommended to read the letter of advice from Lego Corporate Finance Limited, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular. Having considered, among other things, the principal factors and reasons considered by and the opinion of Lego Corporate Finance Limited as stated in the letter from the Independent Financial Adviser, we consider that the Acquisition and the terms and conditions of the Sale and Purchase Agreement are (i) fair and reasonable; (ii) on normal commercial terms and in the usual and ordinary course of business of the Company; and (iii) in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) in respect of the Acquisition and the Sale and Purchase Agreement to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Tempus Holdings Limited

Mr. Han Biao	**Mr. Wong Lit Chor, Alexis**	**Mr. Li Qi**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular.

Lego Corporate Finance Limited
力高企業融資有限公司

23 June 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONNECTED TRANSACTION AND MAJOR TRANSACTION ACQUISITION OF 61.75% EQUITY INTEREST IN SHENZHEN TEMPUS VALUE CHAIN CO., LTD.

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company dated 23 June 2017 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings defined in the Circular unless the context otherwise requires.

On 26 May 2017 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Equity Interest i.e. the entire 61.75% equity interest held by the Vendor in the Target Company, for a cash consideration of RMB48,165,000 payable by the Company to the Vendor within three business days from the Completion Date.

As at the Latest Practicable Date, the Vendor, through its indirectly wholly-owned subsidiary, Tempus Holdings (Hong Kong) Limited, indirectly holds approximately 66.3% of the issued share capital of the Company. Accordingly, the Vendor is a substantial shareholder and a connected person of the Company and the Acquisition constitutes a connected transaction of the Company. Since the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition also constitutes a major transaction of the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Han Biao, Mr. Wong Lit Chor, Alexis and Mr. Li Qi, has been formed to advise the Independent Shareholders as to whether the Acquisition and the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard. Our appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the acquisition contemplated thereafter.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information and facts supplied by the Company and/or the Directors and the management of the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and opinions expressed to us and that all information or representations provided to us by the Company and/or the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and up to the Latest Practicable Date and all such statements of belief, opinions and intentions of the Company and/or the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Company and/or the Directors and the management of the Group and the advisers of the Company.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor were we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Target Company, or their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee regarding the Offer, we have taken into consideration the following principal factors and reasons:

1. Background to and reasons for entering into the Sale and Purchase Agreement

1.1 *Information on the Group*

The Company is an investment holding company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange since December 2011. The Group is principally engaged in development and retail of health and wellness products, and cross-border trading and logistics business.

The following table is a summary of the audited financial information of the Group for the financial year ended 31 March 2015, the nine months ended 31 December 2015 and the financial year ended 31 December 2016 as extracted from the annual report of the Company for the nine months ended 31 December 2015 (the "**2015 Annual Report**") and the annual report of the Company for the year ended 31 December 2016 (the "**2016 Annual Report**"), respectively, which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"):

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**1 Apr 2014 to 31 Mar 2015**	**1 Apr 2015 to 31 Dec 2015**	**1 Jan 2016 to 31 Dec 2016**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	389,692	335,388	471,735
- Health and wellness business	389,692	335,388	400,396
- Trading and logistics business	—	—	71,339
Profit (loss) before tax	15,999	16,375	(15,012)
Profit (loss) after tax for the year/ period	12,137	12,219	(17,754)

Consolidated Statement of Financial Position	**31 Mar 2015**	**31 Dec 2015**	**31 Dec 2016**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	346,315	499,543	622,485
Bank balances and cash	220,964	333,939	171,045
Total liabilities	68,701	78,347	221,143

As stated in 2016 Annual Report, the financial year end date of the Company has been changed from 31 March to 31 December with the effect from 24 September 2015, resulting in shortening of the reporting period to the nine months ended 31 December 2015 and thus may not be directly comparable with the performance figures for the year ended 31 December 2016. The revenue of the Group was approximately HK$471.7 million for the year ended 31 December 2016, compared to HK$335.4

million for the nine months ended 31 December 2015. The Group recorded a loss before tax and loss after tax of approximately HK$15.0 million and HK$17.8 million, respectively for the year ended 31 December 2016, compared to a profit before tax and profit after tax of approximately HK$16.4 million and HK$12.2 million, respectively for the nine months ended 31 December 2015. As disclosed in 2016 Annual Report, such loss before and after tax for the year ended 31 December 2016 was mainly due to the decrease of sale in fitness products and other health and wellness products as there were lack of new fitness products being launched for the year ended 31 December 2016. Moreover, the Group started the trading and logistics business for the year ended 31 December 2016 as a new business segment which also dragged down the overall gross profit margin from approximately 65.7% for the nine months ended 31 December 2015 to approximately 59.7% for the year ended 31 December 2016. As stated above, the revenue generated from health and wellness business for the year ended 31 December 2016 was approximately HK$400.4 million, which was less than the annualised revenue of approximately HK$447.2 million for the period from 1 April 2015 to 31 December 2015. As stated in 2016 Annual Report, the Group faced significant competition from both international and local players in the markets it operated and the Group's market position depended on its ability to diversify and differentiate its products and to anticipate changing customer preferences and it was expected that the increased competition might result in price adjustments and narrowed gross profit margins. Therefore the Group has been actively exploring the cross-border trading and logistics business which shall be an integral part of the principal business of the Company in the future.

1.2 ***Information on the Vendor***

The Vendor is a joint stock limited company established in PRC and its principal business activity is logistics business in the Futian Free Trade Zone of China, including customs clearance, bonded storage and Shenzhen/Hong Kong freight transports. The Vendor, through its indirect wholly-owned subsidiary, Tempus Holdings (Hong Kong) Limited, holds approximately 66.3% of the issued share capital of the Company.

1.3 ***Information on the Target Group***

The Target Company is a joint stock limited company established in PRC and is principally engaged in providing supply chain solution including third-party (or contract) logistics and storage, management consulting and other value-added services. It provides third party logistics services to manufacturers of tyres and automobile spare parts, and has extended its services to automobile after-market and other fields. Its third-party (or contract) logistics and storage business mainly involve (i) logistics and transport between major cities in China; (ii) intra-city logistics and transport; and (iii) special storage services. The Target Company is held as to 61.75% by the Vendor. The Target Company was established by the Vendor and its business partner in 2005. The total initial registered capital of the Target Company was RMB8,000,000, which was contributed as to RMB5,200,000 by the Vendor, representing 65% of the total initial registered capital.

As at the Latest Practicable Date, the Target Company was held as to (i) 14.25% by 深圳騰邦價值鏈股權投資合夥企業(有限合夥) (Shenzhen Tengbang Value Chain Equity Investment Partnership Corporation (limited partnership)*), which was held by Mr. Zhong Baisheng, one of the Directors of the Company, as to 99.9% interest and as a general partner; (ii) 9.5% by Ms. Duan Naiqi, who holds 33% equity interest in Tempus Group and is also a director of the Target Company and the Tempus Group; (iii) 5% by 深圳市騰邦梧桐線上旅遊投資企業(有限合夥) (Shenzhen Tengbang Wutong Online Travel Investment Corporation (limited partnership)*), a limited partner holding 43.35% interest of which is 深圳市騰邦國際商業服務股份有限公司 (Shenzhen Tempus Global Business Service Holding Ltd.*), which is in turn held by the Tempus Group as to 31.84%; (iv) 4.75% by an individual, who is a director of the Target Company and the Tempus Group; and (v) 4.75% by an individual who is a director of the Target Company. Upon Completion, if Mr. Zhong Baisheng continues to control its substantial shareholding in the Target Company, the Target Company will become a connected subsidiary of the Company and transactions between them will constitute connected transactions of the Company. As at the Latest Practicable Date, there are no continuing connected transactions between the Group and the Target Company.

The Target Company has three wholly-owned subsidiaries, namely (i) 深圳市騰邦金牛車生活科技有限公司 (Shenzhen Tengbang Jinniuche Life Technology Co., Ltd.*), which was established in September 2016 and has not yet commenced business; (ii) 上海騰邦供應鏈有限公司 (Shanghai Tengbang Supply Chain Co., Ltd.*), which is principally engaged in storage, packaging and distribution of a wide range of cross-border commodities outside the PRC; and (iii) 深圳前海騰邦價值鏈有限公司 (Shenzhen Qianhai Tengbang Value Chain Co., Ltd.*), which is also principally engaged in logistics and distribution of tyres and automobile spare parts between major cities in the PRC.

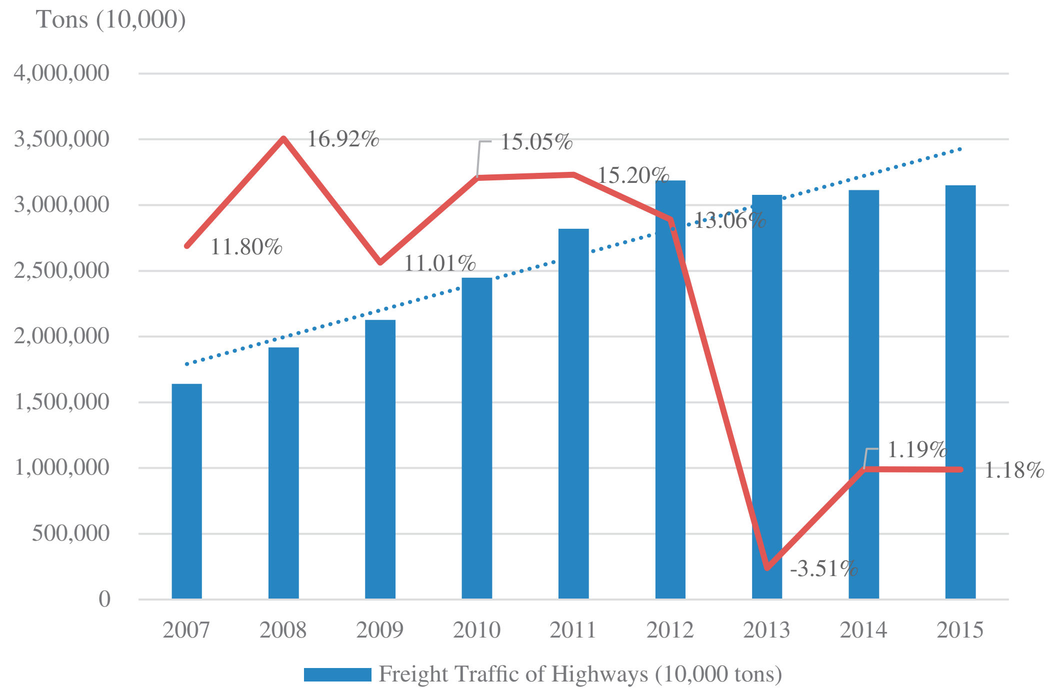
The registered capital of the Target Company is RMB52,631,579. The capital contribution of the Vendor is RMB32,500,000, representing 61.75% of the registered capital. Set out below is the financial information extracted from the accountants' report on the Target Group for the three financial years ended 31 December 2016 set out in Appendix II to the Circular:

	For the year ended 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*
	(approximately)	*(approximately)*	*(approximately)*
Revenue	108,590	154,462	160,168
Profit before taxation	15,304	27,462	18,040
Profit after taxation	11,405	20,220	13,305
Net asset value	47,043	117,263	77,655

The revenue of the Target Group increased from approximately RMB108.6 million for the year ended 31 December 2014, to approximately RMB154.5 million for the year ended 31 December 2015 and to approximately RMB160.2 million for the year ended 31 December 2016. The profit before taxation and profit after taxation firstly increased from approximately RMB15.3 million and RMB11.4 million for the year ended 31 December 2014 to approximately RMB27.5 million and RMB20.2 million, respectively for the year ended 31 December 2015 and decreased to approximately RMB18.0 million and RMB13.3 million, respectively for the year ended 31 December 2016. As advised by the Company, such reduction in the profitability of the Target Group was mainly due to the rise in wages and the upsurge in cost of transportation, energy and fuel in the PRC.

1.4 ***Overview of the respective markets of the Target Group in the PRC***

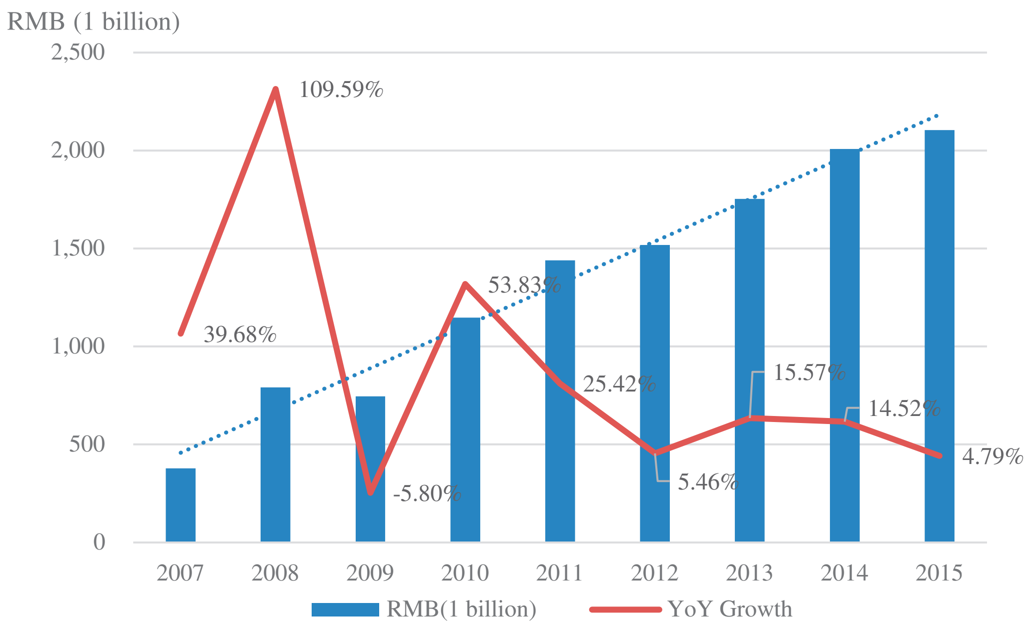
Freight Traffic of Highways in the PRC



Source: National Bureau of Statistics of China

As advised by the Directors, the Target Group principally engages in road transportation for its logistics service. The above chart shows the total volume of freight traffic of highways in the PRC from year 2007 to year 2015. Although it has recorded a year-on-year decline of approximately 3.51% for year 2013, the total volume of freight traffic in the PRC has picked up again in 2014 and continued to grow since then. From year 2007 to year 2015, the compound average growth rate (CAGR) was approximately 8.51%. After the slight setback in year 2013, the total freight traffic managed to record a year-on-year growth of approximately 1.19% and 1.18% in year 2014 and year 2015, respectively. In term of total volume, the freight traffic of highways in the PRC has experienced a continuous growth from approximately 16.4 billion tons in 2007 to 31.9 billion tons in 2012, then remained a slightly upward trend from approximately 30.7 billion tons in year 2013 to 31.5 billion tons in year 2015. As such, it is expected that the demand for logistics services, supply chain solutions and other related services is likely to attain a stable and continual growth.

Transaction value of wholesale of motor vehicles, motorcycles and parts in the PRC



Source: National Bureau of Statistics of China

The above chart shows the total transaction value of wholesale of motor vehicles, motorcycles and parts in the PRC. According to the Letter from the Board, the Target Group provides third party logistics services to manufacturers of tyres and automobile spare parts, and has extended its services to automobile after-market and other fields. As shown in the above chart, there has been generally an upward trend for total transaction value of wholesale of motor vehicles, motorcycles and parts in the PRC except a negative year-on-year growth of approximately 5.80% in 2009. From year 2007 to year 2015, the CAGR was approximately 23.95%. Generally, total transaction value of wholesale of motor vehicles, motorcycles and parts in the PRC has experienced a continuous growth from approximately RMB377.8 billion from year 2007 to approximately RMB2,104.9 billion in year 2015. Therefore, it is expected that the wholesale market of motor vehicles, motorcycles and parts will continue to be promising in the PRC, which will bring a direct positive impact in ancillary industry including the logistics service industry which the Target Group is principally engaging in.

1.5 ***Reasons for and benefits of the Acquisition***

According to the 2016 Annual Report, the Group is actively exploring the cross-border trading and logistics business which shall be an integral part of the Group's principal business in the future. As disclosed in the Company's announcements dated 19 April 2016, the Group acquired approximately 51.5% of the entire issued share capital of Tempus Sky Enterprises Limited, which is a one-stop logistics services provider in Hong Kong, specialised in handling the logistics of consumer products, food and beverages. The Acquisition is considered to be in line with the overall business strategy of the Group to develop its cross-border trading and logistics business and also create synergy with the Group's existing cross-border e-commerce and logistics business.

As disclosed in the Letter from the Board, the Directors consider that the Acquisition will derive the following benefits to the Group:

1. **Enhance the service capability and industrial distribution of the Company in the field of commercial commodity circulation**

The Target Company, with contract logistics service as its core business, provides customers with integrated value chain services, including truck transport, professional warehousing and value-added services. The Target Company focuses on providing value to the supply side with innovative services, by way of gathering information through feedbacks to guide the manufacturer's production plan; promoting warehousing management to buyers to achieve minimum inventory and to improve the capital efficiency; and implementing transport distribution to improve the time rate of goods deliveries. At present, the Target Company mainly cooperates with international major tire manufacturers to provide them with one-stop logistics services, and extends the provision of logistics services to the upstream of automotive industry chain. The Target Company also provides professional logistics services to well-known auto parts enterprises, supplies automotive after-market supply chain services to e-commerce platform, as well as international logistics freight forwarding business to other customers.

The Company has set health services and commercial commodity circulation as the dual focuses of its business development strategy. The Acquisition will enhance the fundamental service capability of the Company in the field of commercial commodity circulation to link up different sections of its domestic and overseas logistics services. The Target Group, as the principal domestic value chain service provider in the commercial commodity circulation segment, will complete the value chain services of the Company in such segment with the provisions of basic logistic services and platform services including urban distribution and supply chain financing, respectively, to customers.

2. **Enhance the ability to acquire premium commodity resources to provide supports for the development of cross-border commercial and trading businesses**

Logistics and product flow are inseparable, business growth will drive logistics services, logistics services will then support the implementation of trading business. Upon completion of the Acquisition, subsidiaries of the Company namely Tempus Sky Enterprises Limited and Tempus Cross-border Commercial Service Limited, and the Target Group will be the main operating entities of the commercial commodity circulation segment of the Company and based on their existing service capabilities and resources, they serve to continuously enhance the level of logistics services of the Company. By serving reputable traders, Tempus Sky Enterprises Limited, Tempus Cross-border Commercial Service Limited, and the Target Group shall support the solid development of cross-border trading business of the Company through consolidating their premium commercial commodity resources by acting as the cooperation agents of those reputable traders.

3. **Achieve synergetic development with the current logistics business and further improve the industrial distribution of the Company's profitability**

Currently, the Company, through its subsidiary, namely Sky Logistics and Supply Chain Limited, has started to provide warehousing, delivery and re-export services in Hong Kong. The Target Group is mainly involved in the provision of contract logistics services, focusing on logistics and transport between major cities in China and intra-city logistics and transport. The Acquisition will open up the onshore-offshore logistics services segment, serve to develop an integrated value chain services and achieve synergetic development. At the same time, by satisfying the diversified and one-stop needs of the customers, the profitability of the Company shall be further enhanced. In the future, leveraging the resource integration and capital operation ability of the Company as well as through external merger and acquisition, the Company will further integrate the upper and lower commercial commodity circulation value chain and further improve the distribution of the commodity circulation segment of the Company.

Having considered the above, in particular, (i) the business strategy of the Company to diversify its revenue stream to explore cross-border trading and logistics segment; (ii) the industry overview of the relevant markets in the PRC; and (iii) that the Acquisition will enable the Group to expand its logistics business and achieve synergetic development with the existing logistics business of the Company, we concur with the view of the Directors that the Acquisition is in line with the Group's development strategy and hence is in the ordinary and usual course of the business of the Company and in the interests of the Company and its Shareholders as a whole.

2 **Principal terms of the Sale and Purchase Agreement**

2.1 ***The consideration and its basis of determination***

The consideration for the Acquisition was agreed at RMB48,165,000 payable by the Company to the Vendor, which shall be settled by cash within three business days from the Completion Date.

According to the Letter from the Board, the consideration for the Acquisition was determined based on arm's length negotiations between the Company and the Vendor with reference to various factors including, among others, the audited consolidated financial information, in particular the profit and total comprehensive income for the year, of the Target Group for the financial year ended 31 December 2016, the net assets value of the Target Group as of 31 December 2016, the price-to-earnings ratio, the business prospects of the Target Group and the synergies of the Target Group to the Group.

The consideration will be funded by internal resources of the Group, bank borrowing and other debt financing, or a combination of any of these.

2.2 ***Comparable analysis***

In order to evaluate the fairness and reasonableness of the consideration, we have, to the best of our effort, attempted to compare it with the pricing multiples of other Hong Kong listed companies with similar principal activities, being supply chain solution services including third-party (or contract) logistics and storage, management consulting and other value-added services with a particular focus on manufacturers of tyres and automobile spare parts, and automobile after-market and other fields, and market capitalisation comparable to that of the Target Group. However, we were not able to identify any comparable company based on the aforesaid criteria. Therefore, we have extended our scope of comparable companies (the "**Comparable Companies**") to the companies listed in Hong Kong which are principally engaged in the provision of logistics services.

In our assessment, we have considered pricing multiples including (i) price-to-earnings ratio ("**P/E ratio**"); and (ii) price-to-book ratio ("**P/B ratio**") which are commonly used as benchmarks to assess the financial valuation of a company engaged in the logistics business. To be specific, P/E ratio is commonly used to value a company based on its current share price relative to its per-share earnings. P/B ratio is used to compare a company's stock market value to its book value. We believe that these two indicators we have chosen are appropriate and adequate in assessing whether the consideration price is fair and reasonable. We have used our best endeavour to identify 8 Comparable Companies, which we consider to be exhaustive and complete, and set out in the table below the pricing multiples of each of the Comparable Companies based on their market capitalisation as at the Latest Practicable Date.

Company (stock code)	**Principal activities**	**P/E ratio**	**P/B ratio**
Kerry Logistics Network Limited (0636)	Provision of logistics, freight and warehouse leasing and operations services.	10.10	1.05
Beijing Properties (Holdings) Limited (0925)	Development and leasing of commercial properties in the PRC and provision of related management services; provision of logistics services, including leasing of warehouse facilities and provision of related management services.	22.87	0.53
Changan Minsheng APLL Logistics Co., Ltd (1292)	Rendering of transportation for finished vehicles, supply chain management for automobile raw materials, components and parts, transportation services for non-automobile commodities, sale of packaging materials and processing of tyres.	7.39*(Note 1)*	0.43*(Note 1)*

SITC International Holdings Company Limited (1308)	Provision of marine transportation services, freight forwarding services for marine transportation, depot and warehouse services and related business.	15.26 *(Note 2)*	2.11 *(Note 2)*
Guangdong Yueyun Transportation Company Limited (3399)	Provision of motor vehicle transportation and auxiliary services, material logistics services, expressway service zones and related auxiliary services.	10.45 *(Note 1)*	1.66 *(Note 1)*
Dafeng Port Heshun Technology Company Limited (8310)	Provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region and the supporting services, and are also engaged in trading business.	N/A *(Note 3)*	8.42
Tianjin Binhai Teda Logistics (Group) Corporation Limited (8348)	Provision of comprehensive logistics services in the PRC, mainly including supply chain solutions and materials procurement businesses and related services.	9.59 *(Note 1)*	0.45 *(Note 1)*
Beijing Sports and Entertainment Industry Group Limited (1803)	Provision of air freight service in the wholesale market.	N/A *(Note 3)*	11.98
	Highest	22.87	11.98
	Lowest	7.39	0.41
	Median	10.28	1.35
	Average	12.61	3.33
The Target Company (as implied by the Consideration) *(Note 4)*		5.86	1.00

Source: The Stock Exchange of Hong Kong Limited

Notes:

1. The translation of RMB into HK$ is based on the exchange rate of RMB1.00 to HK$1.1163.

2. The translation of USD into HK$ is based on the exchange rate of USD1.00 to HK$7.80.

3. The relevant Comparable Companies recorded net loss for the respective financial year, hence, P/E ratio is not applicable to those Comparable Companies.

4. P/E ratio (the "**Implied P/E ratio**") and P/B ratio (the "**Implied P/B ratio**") are derived using the consideration for acquisition of 61.75% equity interest of the Target Company of RMB48,165,000 divided by net profit and net asset value of the Target Group for the year ended 31 December 2016.

Based on the table above, P/E ratio of the above Comparable Companies ranged from approximately 7.39 to 22.87 times, with an average of 12.61 times and a median of 10.28 times and the P/B ratio of the above Comparable Companies ranged from approximately 0.41 to 11.98 times, with an average of 3.33 times and a median of 1.35 times. It is noted that the implied P/E ratio of the Target Group of approximately 5.86 time is below the range and below the average of the P/E ratio of the Comparable Companies, indicating that the consideration is priced comparatively better than the Comparable Companies in similar business and in the open market.

It is also noted that the implied P/B ratio of the Target Group of approximately 1.00 times is within the range and below the average of the P/B ratio of the Comparable Companies, indicating that it is priced within an acceptable range of the Comparable Companies in similar business and in the open market.

Having considered (i) the implied P/E ratio is below the range of the P/E ratio of the Comparable Companies; and (ii) the implied P/B ratio of the Target Group are within the range of the P/B ratio of the Comparable Companies, we are of the view that the consideration is fair and reasonable so far as the Independent Shareholders are concerned.

3 Financial effects of the Acquisition

3.1 *Effect on earnings*

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company, and as such its financial results will be consolidated in the accounts of the Group. Given that the Target Company is profit making, it is expected that the Company will be able to raise the revenue and profitability of the Enlarged Group upon Completion.

3.2 *Effect on net assets value*

As disclosed in the 2016 Annual Report, the consolidated total assets and total liabilities of the Group were approximately HK$622.5 million and HK$221.1 million, respectively and the net asset value of the Group was approximately HK$401.3 million.

Based on the unaudited pro forma combined financial information of the Enlarged Group contained in Appendix IV to the Circular (the "**Pro Forma Financial Information**"), upon the Completion, the assets and liabilities of the Target Group will be consolidated into the financial statements of the Company. The unaudited pro forma combined net asset value of the Enlarged Group will increase to approximately HK$432.8 million. Accordingly, we consider that the Acquisition is expected to have a positive contribution to the Group's net asset position.

3.3 ***Effect on cash and working capital***

As disclosed in the 2016 Annual Report, the Group has current assets of approximately HK$317.3 million including bank balances and cash of approximately HK$171.0 million. According to the Letter from the Board, the settlement of Consideration of approximately RMB48.2 million will be financed by the Company's own internal resources, bank borrowing and other debt financing. Based on the Pro forma Financial Information, the bank balances and cash of the Enlarged Group will slightly increase from approximately HK$171.0 million to approximately HK$177.2 million upon Completion after taking into account, among others, the settlement of the Consideration and the bank balances and cash of the Target Group as at 31 December 2016. The Directors confirmed to us that (i) the Group has sufficient resources to satisfy the Consideration; and (ii) there will be no material adverse impact on the Group's working capital, after taking into account the settlement method as discussed in section 2.1 above and the available bank balances and cash and banking facilities.

3.4 ***Effect on gearing and liquidity***

As disclosed in the 2016 Annual Report, the gearing ratio of the Group as at 31 December 2016 was approximately 24.5%, as derived by dividing total borrowings of the Group as at 31 December 2016 of approximately HK$152.7 million by the total assets of the Company of approximately HK$622.5 million as at 31 December 2016. Based on the Pro Forma Financial Information, the gearing ratio of the Enlarged Group as at 31 December 2016 will be slightly improved to approximately 22.8% due to the increase in the current assets as a result of the Acquisition. However, in the event that the Group settles the Consideration through additional bank borrowing and other debt financing, the gearing ratio of the Group may increase.

In view of the foregoing, there will be no material adverse impact on the financial position of the Group as a result of the Acquisition.

RECOMMENDATION

Having considered the principal factors and reasons described above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- the existing business model of the Group and the reasons for and benefits of the Acquisition as discussed in section 1 above;
- that the Acquisition is in line with the Group's stated business strategy as discussed in section 1 above;
- that the respective implied historical P/E ratio and P/B ratio represented by the Consideration is below the range and within the range of present rating of the Comparable Companies; and
- that there will be no material adverse impact on the financial position of the Group as a result of the Acquisition,

we are of the opinion that the terms of the Sale and Purchase Agreement is on normal commercial terms which are fair and reasonable and the Acquisition is in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition and the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 12 years of experience in the investment banking and auditing.

(a) THREE YEAR FINANCIAL INFORMATION

Financial information of the Group for the financial year ended 31 March 2014, the year ended 31 March 2015, the 9 months ended 31 December 2015 and the year ended 31 December 2016 are disclosed in the annual reports of the Company ended with the same periods respectively, which are published on the website of the Stock Exchange as set out below:

1. Independent auditor's report for the year ended 31 March 2014 (pages 50 to 111) at http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0630/LTN20140630383.pdf.

2. Independent auditor's report for the year ended 31 March 2015 (pages 48 to 109) at http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0716/LTN20150716021.pdf.

3. Independent auditor's report for the nine months ended 31 December 2015 (pages 42 to 101) at http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0414/LTN20160414005.pdf.

4. Independent auditor's report for the year ended 31 December 2016 (pages 55 to 133) at http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0424/LTN20170424709.pdf.

The above annual reports are also available at the website of the Company at http://www.tempushold.com/hk.

(b) STATEMENT OF INDEBTEDNESS

Borrowings

As at 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following outstanding borrowings:

	HK$'000
Bank borrowings, secured *(Note 1)*	155,256
Bank overdraft *(Note 2)*	1,332
Obligations under finance leases *(Note 3)*	6,377
Amount due to an intermediate holding company *(Note 4)*	764
Total	163,729

Notes:

1. The bank borrowings are secured, interest bearing at rates ranging from 1.96% to 6.25% per annum and repayable from 2017 to 2036. The bank borrowings are secured by bank deposits, property, plant and equipment and investment properties of approximately HK$11,607,000, HK$2,293,000 and HK$261,254,000, respectively.

2. Bank overdraft carries interest at market rate of 7% per annum. The bank overdraft is unsecured and not guaranteed.

3. The Enlarged Group has leased certain motor vehicles under finance leases. The lease terms are from three to five years. The average effective borrowing rate for current period is 3.5% per annum. Interest rate is fixed and ranges from 1.98% to 5.5% on the contract date. The carrying value of motor vehicles of HK$5,821,000 are under the finance leases arrangements.

4. The amount due to an intermediate holding company is unsecured, interest free and repayable on demand.

Pledge of assets

At the close of business on 30 April 2017, the Enlarged Group pledged the bank deposits, property, plant and equipment and investment properties of approximately HK$11,607,000, HK$2,293,000 and HK$261,254,000 for securing bank borrowings, respectively.

The Enlarged Group's obligations under finance leases are secured by the lessor's charge over the leased assets with carrying value of approximately HK$5,821,000.

Debt securities

At the close of business on 30 April 2017, the Enlarged Group did not have any debt securities. On 25 May 2017, the Group issued convertible notes to three investors in an aggregate principal amount of HK$160,000,000.

Commitment

At the close of business on 30 April 2017, the Enlarged Group had commitment for acquisition of a subsidiary and capital injection to a subsidiary of approximately RMB6,840,000 (equivalent to HK$7,635,000) and RMB10,000,000 (equivalent to HK$11,163,000), respectively.

Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, the Enlarged Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 30 April 2017.

(c) WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstance and after taking into account the expected completion of the Acquisition and the financial resources presently available to the Enlarged Group, including internally generated funds and the available banking facilities, the Directors are of the opinion that the Enlarged Group will have sufficient working capital to meet its requirements for the next twelve months from the date of this circular.

(d) FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Following completion of the Acquisition, the Enlarged Group will continue to be principally engaged in the health and wellness business and cross-border trading and logistics business. The Company has set health services and commercial commodity circulation as the dual focuses of its business development strategy. Through the Acquisition, the Company could commence the trading and logistics business in the PRC, together with the existing logistics business in Hong Kong, to create a comprehensive cross-border logistics service to customers. The Enlarged Group, by leveraging the resources integration and capital operation ability, will further integrate the upper and lower commercial commodity circulation value chain and further improve the industrial distribution of the commodity circulation segment of the Company.

(e) MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest audited financial statements of the Company were made up.

BAKER TILLY
HONG KONG | 天職香港

23 June 2017

The Board of Directors
Tempus Holdings Limited

Dear Sirs,

We (the "Reporting accountants") set out below our report on the financial information of 深圳市騰邦價值鏈股份有限公司 (formerly known as 深圳市騰邦價值鏈有限公司) (Shenzhen Tempus Value Chain Co., Ltd.*) (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group"), comprising the consolidated statements of financial position as at 31 December 2014, 2015 and 2016, 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 of the Target Group for each of the years then ended (the "Relevant Periods"), and the notes to the consolidated financial statements, including a summary of significant accounting policies (the "Financial Information"), for inclusion in Appendix II to the circular of Tempus Holdings Limited (the "Company") dated 23 June 2017 (the "Circular") in connection with the proposed acquisition of 61.75% equity interests in the Target Company by the Company (the "Acquisition").

The Target Company was incorporated in the People's Republic of China (the "PRC") on 11 July 2005 as a limited liability company under the Company Law of the PRC.

As at the date of this report, the Target Company has direct or indirect interests in the subsidiaries as set out in Note 1. All of these companies comprising the Target Group have adopted 31 December as their financial year end date. The financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to these companies in the countries in which they are incorporated and/or established. Details of their auditors during the Relevant Periods are set out in Note 1.

For the purpose of this report, the directors of the Target Company are responsible for the preparation of the consolidated financial statements of the Target Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement whether due to fraud or error. The Underlying Financial Statements for each of the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA.

* *English name for identification*

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information of the Target Group that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rule, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on procedures performed in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial position of the Target Group as at 31 December 2014, 2015 and 2016 and of Target Group's financial performance and cash flows for each of the Relevant Periods then ended.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Note	**2014**	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	7	108,590	154,462	160,168
Cost of sales		(84,696)	(118,653)	(129,554)
Gross profit		23,894	35,809	30,614
Other income	8	1,597	2,000	1,011
Other gains and losses	9	—	(7)	300
Selling and distribution costs		(6,407)	(8,553)	(9,871)
Administrative expenses		(3,225)	(1,156)	(3,891)
Finance costs	10	(555)	(631)	(123)
Profit before taxation	11	15,304	27,462	18,040
Income tax expense	12	(3,899)	(7,242)	(4,735)
Profit and total comprehensive income for the year		11,405	20,220	13,305

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2014	2015	2016
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	16	795	625	958
Deferred tax assets	17	75	5	—
		870	630	958
Current assets				
Inventories	18	3,450	2,168	4,694
Trade, bill and other receivables	19	34,865	21,455	29,127
Utility and other deposits paid		1,145	2,925	5,150
Amount due from a director	21	459	—	—
Amount due from a fellow subsidiary	21	600	—	—
Amount due from a related party	21	30,000	—	—
Amount due from immediate holding company	21	38,478	33,706	—
Pledged bank deposits	20	24,200	—	—
Cash and cash equivalents	20	10,420	80,538	54,989
		143,617	140,792	93,960
Current liabilities				
Trade and other payables	22	95,124	12,538	16,061
Amount due to a fellow subsidiary	21	1,200	301	—
Amount due to a director	21	—	60	—
Amount due to a related company	21	—	46	—
Bank borrowing	23	—	10,000	—
Tax payable		1,120	1,214	1,202
		97,444	24,159	17,263
Net current assets		46,173	116,633	76,697
Net assets		47,043	117,263	77,655
Capital and reserves	24			
Paid-in capital/share capital		8,000	8,000	52,632
Reserves		39,043	109,263	25,023
Total equity		47,043	117,263	77,655

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Capital reserve	Merger reserve	Statutory reserve	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note24(a))	*(note24(a))*	*(note24(b)(i))*	*(note24(b)(ii))*	*(note24(b)(iii))*		
At 1 January 2014	8,000	—	—	9,000	1,069	17,569	35,638
Profit and total comprehensive income for the year	—	—	—	—	—	11,405	11,405
Appropriation to the statutory reserve	—	—	—	—	1,146	(1,146)	—
At 31 December 2014 and 1 January 2015	8,000	—	—	9,000	2,215	27,828	47,043
Capital injection from investor	—	—	—	50,000	—	—	50,000
Profit and total comprehensive income for the year	—	—	—	—	—	20,220	20,220
Appropriation to the statutory reserve	—	—	—	—	2,027	(2,027)	—
At 31 December 2015 and 1 January 2016	8,000	—	—	59,000	4,242	46,021	117,263
Capital contribution (note 24(a)(i))	42,000	—	—	—	—	—	42,000
Reorganisation to joint stock limited company (note 24(a)(ii))	(50,000)	50,000	10,643	—	(4,233)	(6,410)	—
Issue of shares (note 24(a)(iii))	—	2,632	7,368	—	—	—	10,000
Contribution to a shareholder (note 25)	—	—	—	(58,426)	—	—	(58,426)
Dividend (note 13)	—	—	—	—	—	(46,487)	(46,487)
Profit and total comprehensive income for the year	—	—	—	—	—	13,305	13,305
Appropriation to the statutory reserve	—	—	—	—	1,342	(1,342)	—
At 31 December 2016	—	52,632	18,011	574	1,351	5,087	77,655

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Note	**2014**	**2015**	**2016**
		RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES				
Profit before taxation		15,304	27,462	18,040
Adjustments for:				
- Depreciation of property, plant and equipment	11	232	302	423
- Finance costs	10	555	631	123
- Interest income	8	(44)	(1,508)	(494)
- Loss on write-off of property, plant and equipment	11	—	—	17
- Net exchange losses	9	—	7	2
- Provision for/(reversal of) impairment losses of trade receivables	11	—	19	(19)
- Provision for/(reversal of) impairment losses of other receivables	11	300	(300)	—
Operating profit before working capital changes		16,347	26,613	18,092
(Increase)/decrease in inventories		(963)	1,282	(2,526)
(Increase)/decrease in trade, bill and other receivables		(24,704)	13,684	(7,655)
Increase in utility and other deposits paid		(1,078)	(1,780)	(2,225)
Increase/(decrease) in trade and other payables		89,591	(82,586)	3,523
Cash generated from/(used in) operations		79,193	(42,787)	9,209
Income tax paid		(3,949)	(7,078)	(4,742)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		75,244	(49,865)	4,467
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(345)	(132)	(773)
(Increase)/decrease in pledged bank deposits		(24,200)	24,200	—
(Increase)/decrease in amount due from a director		(150)	459	—
(Increase)/decrease in amount due from a fellow subsidiary		(600)	600	—
(Increase)/decrease in amount due from a related party		(30,000)	30,000	—
(Increase)/decrease in amount due from immediate holding company		(2,086)	4,772	33,706
Contribution to a shareholder		—	—	(58,426)
Interest received		44	1,508	494
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(57,337)	61,407	(24,999)

	Note	2014	2015	2016
		Year ended 31 December		
		RMB'000	*RMB'000*	*RMB'000*
FINANCING ACTIVITIES				
Increase/(decrease) in amount due to a fellow subsidiaries		1,200	(899)	(301)
(Decrease)/increase in amount due to a director		(60)	60	(60)
Increase/(decrease) in amount due to a related company		—	46	(46)
New borrowing raised		—	10,000	—
Repayment of bank borrowing		(10,000)	—	(10,000)
Proceed from capital contribution	24(a)(i)	—	—	42,000
Proceed from issue of share	24(a)(iii)	—	—	10,000
Capital injection from investor		—	50,000	—
Interest paid		(555)	(631)	(123)
Dividend paid		—	—	(46,487)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(9,415)	58,576	(5,017)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,492	70,118	(25,549)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,928	10,420	80,538
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		10,420	80,538	54,989

The accompanying notes are an integral part of these consolidated financial statements.

B. NOTES TO THE FINANCIAL INFORMATION

1 GENERAL

深圳市騰邦價值鏈股份有限公司 (formerly known as 深圳市騰邦價值鏈有限公司) (Shenzhen Tempus Value Chain Co., Ltd.*) (the "Target Company") is a limited liability company established on 11 July 2005 in the People's Republic of China (the "PRC"). Based on an approval granted by the Market Supervision Administration of Shenzhen Municipality on 21 July 2016, the Target Company was restructured from a limited liability company to a joint stock limited company. The address of its registered office is 6th Floor, Tempus Logistics Building, No. 9 Toahua Road, Futian Free Trade Zone, Futian district, Shenzhen, PRC.

The Target Company and its subsidiaries (hereinafter collectively referred to as the "Target Group") are principally engaged in trading and distribution of cross-border commodity supply chain services and investment holding.

騰邦物流集團股份有限公司 (Tempus Logistics Group Holding Ltd.*) ("Tempus Holding"), a limited liability company incorporated in the PRC, is the immediate holding company of the Target Company. The ultimate controlling party is Mr. Zhong Baisheng.

The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2016, the Target Company had direct interests in the following subsidiaries:

Name of company	Place of establishment	Registered and paid-in capital	Interests held	Principal activities	*Note*
深圳前海騰邦價值鏈有限公司 Shenzhen Qianhai Tengbang Value Chain Co., Ltd.* ("Qianhai Tengbang")	PRC	Registered and paid-in capital RMB50,000,000	100%	Trading and distribution of cross-border commodity supply chain service	(1)(3)
上海騰邦供應鏈有限公司 Shanghai Tengbang Supply Chain Co., Ltd.* ("Shanghai Tengbang")	PRC	Registered and paid-in capital RMB10,000,000	100%	Trading and distribution of cross-border commodity supply chain service	(1)(4)
深圳市海騰邦金牛車生活科技有限公司 Shenzhen Tengbang Jinniuche Life Technology Co., Ltd.* ("Tengbang Jinniuche")	PRC	Registered capital RMB10,000,000	100%	Not yet commence business	(1)(2)

* *English name for identification purpose only*

All companies comprising the Target Group have adopted 31 December as the financial year end date.

Notes:

(1) No statutory financial statements were prepared for the year ended 31 December 2014 and 2015. The statutory financial statements for the year ended 31 December 2016 prepared under PRC GAAP were audited by Baker Tilly China Certified Public Accountants.

(2) Tengbang Jinniuche was established on 1 September 2016 with registered capital of RMB10,000,000. At 31 December 2016, Target Company has not paid the capital.

(3) Acquisition under common control as detailed in note 25 to the consolidated financial statements, on 27 April 2016, the Target Company completed the acquisition of the entire equity interests in Qianhai Tengbang from Tempus Holding. In the opinion of the directors, the acquisition is a business combination under common control since the Target Company and Qianhai Tengbang were under the common control of Tempus Holding both before and after the completion of the acquisition.

(4) Acquisition under common control as detailed in note 25 to the consolidated financial statements, on 13 May 2016, the Target Company completed the acquisition of the entire equity interests in Shanghai Tengbang from Tempus Holding. In the opinion of the directors, the acquisition is a business combination under common control since the Target Company and Shanghai Tengbang were under the common control of Tempus Holding both before and after the completion of the acquisition.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting Financial Information for the Relevant Periods, the Target Group has adopted all the applicable HKFRSs which are effective for its accounting period beginning on 1 January 2016 throughout the Relevant Periods.

The following new standards and amendments to standards have been published and are mandatory for the Target Group's accounting periods beginning after 1 January 2017 or later periods, but the Target Group has not early adopted them:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The expected impacts from the adoption of the above standards and amendments are still being assessed in details by management, and management is not yet in a position to state whether they would have a significant impact on the Target Group's results of operations and financial positon.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

3.1 Basis of preparation

The Financial Information has been prepared in accordance with accounting policies conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

On 27 April 2016, the Target Company acquired 100% equity interests of Qianhai Tengbang from immediate holding company of the Target Company, Tempus Holding, at cash consideration of RMB50,002,000.

On 13 May 2016, the Target Company acquired the remaining 90% equity interests of Shanghai Tengbang from immediate holding company of the Target Company, Tempus Holding, at cash consideration of RMB8,424,000.

Qianhai Tengbang, Shanghai Tengbang and the Target Company were under the Control of immediate holding company, Tempus Holding. The acquisitions were accounted for under the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by HKICPA. Accordingly, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the Relevant Periods have included the results, changes in equity and cash flows of Qianhai Tengbang and Shanghai Tengbang from 1 January 2014 as if the combination had occurred from the date when the immediate holding company first obtained control.

The Financial Information has been prepared on the historical cost basis.

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

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information disclosed in note 4.

3.2 **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

- 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 Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

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

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

Business combinations under common control

Business combination involving entities under common control has been accounted for by applying the principles of merger accounting.

In applying merger accounting, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised for goodwill or excess of acquirers' interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. Any excess of the consideration paid over the net carrying amount of the acquired entities are recognised in merger reserve.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where there is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses incurred in relation to the common control combination that are to be accounted for by using merger accounting are recognised as expenses in the year in which they were incurred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Target Company that make strategic decisions.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Target Group and when specific criteria have been met for each of the Target Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Logistics services income are recognised when the relevant services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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.

The carrying amounts of items of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs of disposal 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 time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

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

Leasing

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.

Financial instruments

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

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

Financial assets

The Target Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets 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 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 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. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of 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 each reporting period.

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 investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

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

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

For certain categories of financial asset, such as trade 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 the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, 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.

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed 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

Debt and equity instruments issued by the Target Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 Target Group are recognised at the proceeds received, net of direct issue costs.

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 liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to a fellow subsidiary, a director and a related company and bank borrowing) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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 Target 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 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 reporting period 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 reporting period.

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

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

Retirement benefit costs

Payments to the state-managed retirement benefits schemes and the defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

These financial statements are presented in Renminbi, which is the Target Company's functional currency. For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Target Group's foreign operations are translated into the presentation currency of the Target Group using exchange rates prevailing at the end of each reporting period.

Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Related Party

A party is considered to be related to the Target Group if:

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

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

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

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target 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 of a parent, subsidiary or fellow subsidiary of the other entity).

(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 entity.

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

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

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

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

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Target Group's accounting policies, which are described in note 3, the directors of Target Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 on-going 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following twelve months.

Impairment of property, plant and equipment

The Target Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculation and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. The carrying amount of property, plant and equipment as at 31 December 2014, 2015 and 2016 amounting to RMB795,000, RMB625,000 and RMB958,000 respectively.

Estimated allowances for inventories

The Target Group makes allowances for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories. If conditions which have an impact on the net realisable value of inventories deteriorate/improve; additional allowances/reversal of allowances may be required. The carrying amount of inventories as at 31 December 2014, 2015 and 2016 amounting to RMB3,450,000, RMB2,168,000 and RMB4,694,000 respectively.

Recoverability of trade, bill and other receivables

The provision policy for bad and doubtful debts of the Target Group is based on the evaluation of collectability and aging analysis of accounts and management's judgement. Judgements are required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Target Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The carrying amount of trade, bill and other receivables as at 31 December 2014, 2015 and 2016 amounting to RMB31,625,000 (net of impairment losses of RMB300,000), RMB16,300,000 (net of impairment losses of RMB19,000) and RMB24,034,000 (net of impairment losses of RMBnil), respectively.

5 CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that the Target Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Target Group's overall strategy remained unchanged during the Relevant Periods.

The capital structure of the Target Group consists of debts, which includes bank borrowing and equity attributable to owners of the Target Group, comprising issued paid-in capital/share capital and retained earnings.

The management of the Target Group reviews the capital structure regularly. The management considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through payments of dividends, new share issues as well as issue of new debts or repayment of existing debts, if necessary.

6 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	136,927	133,469	84,173
Financial liabilities			
Liabilities at amortised cost	96,324	22,945	14,519

(b) Financial risk management objectives and policies

The Target Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. 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.

Market risk

Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value on future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Target Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in the Target Group fair value interest rate risk.

Other than cash and cash equivalents, pledged bank deposits and bank borrowing, the Target Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Target Group.

The Target Group's interest rate arises primarily from the floating rate cash and cash equivalent. Cash and cash equivalent at floating rates expose the Target Group to cash flow interest rate risk. Pledged bank deposits and bank borrowing at fixed rates expose the Target Group to fair value interest rate risk.

At 31 December 2014, 2015 and 2016, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would increase the Target Group's profit for the year (through the impact on the Target Group's cash and cash equivalent which are subject to floating interest rate) by approximately RMB52,000, RMB403,000 and RMB275,000. For a general decrease of 50 basis points in interest rates, will all other variable held constant, there would be an equal and opposite impact on the Target Group's profit for the year. No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rate.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at each of reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period under the next reporting date.

The measures to manage interest rate risk have been followed by the Target Group for all Relevant Periods and are considered to be effective.

Foreign currency risk

Given the Target Group has neither foreign currency assets nor incurs foreign currency liabilities for the Relevant Periods, the directors of the Target Company is of the view that the Target Group does not have any significant concentration of currency risks.

Credit risk

At the end of the reporting period, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Target Group's credit risk is primarily attributable to its trade, bill and other receivables, amounts due from a director, a fellow subsidiary, a related party and immediate holding company, pledged bank deposits and bank balances.

The Target Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank balances is limited because the majority of the counterparties are banks with good reputation. The credit risk on receivables from customers is limited because all department stores and corporate customers have good repayment records.

The credit risk on amounts due from a director, a fellow subsidiary, a related party and immediate holding company are insignificant after considering the financial strength of these related parties.

The Target Group has concentration of credit risk as at 31 December 2014, 2015 and 2016 as 100%, 92% and 79%, respectively, of the total trade receivables represented amounts due from the Target Group's largest five trade debtors which mainly include corporate customers.

Other than those described above, the Target Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Target Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowing. The Target Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the maturities of the Target Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The table includes both interest and principal cash flows.

	Repayable on demand or within 1 year	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2014			
Trade and other payables	95,124	95,124	95,124
Amount due to a fellow subsidiary	1,200	1,200	1,200
	96,324	96,324	96,324
As at 31 December 2015			
Trade and other payables	12,538	12,538	12,538
Bank borrowing	10,121	10,121	10,000
Amount due to a fellow subsidiary	301	301	301
Amount due to a related company	46	46	46
Amount due to a director	60	60	60
	23,066	23,066	22,945
As at 31 December 2016			
Trade and other payables	14,519	14,519	14,519

(c) **Fair value measurements**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7 REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received or receivable for the trading and distribution of cross-border commodity, and provision of logistics services during the Relevant Periods.

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Trading income	—	8,137	10,346
Service income	108,590	146,325	149,822
	108,590	154,462	160,168

The Target Group's operation is solely derived from trading and service income in PRC during the Relevant Periods. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the directors of Target Company) reviews the overall results and financial position of the Target Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Target Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Target Group's revenue are all derived from PRC based on the location of services delivered.

Information about major customers

Revenue from customer of the Relevant Periods contributing over 10% of total revenue of the Target Group is as follows:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Customer A	85,853	106,857	106,432
Customer B	22,412	35,477	35,364

8 OTHER INCOME

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	44	1,508	494
Government subsidies	1,538	470	503
Sundry income	15	22	14
	1,597	2,000	1,011

9 OTHER GAINS AND LOSSES

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Gain on disposal of financial assets held for trading	—	—	302
Net exchange losses	—	(7)	(2)
	—	(7)	300

10 FINANCE COSTS

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowing	555	631	123

11 PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Auditor's remuneration	23	12	443
Cost of inventories recognised as expenses	—	7,909	9,999
Cost of services provided as expenses	84,696	110,744	119,555
Depreciation of property, plant and equipment	232	302	423
Staff costs (including directors' remuneration):			
Salaries, bonus and other allowance	3,853	5,374	7,189
Retirement plan contributions	394	559	807
Operating lease payments in respect of rented premises	7,038	6,786	3,659
Loss on write-off of property, plant and equipment	—	—	17
Provision for/(reversal of) impairment losses of trade receivables	—	19	(19)
Provision for/(reversal of) impairment losses of other receivables	300	(300)	—

Cost of services included operating lease payments in respect of rented premises of approximately RMB6,461,000, RMB5,928,000 and RMB2,238,000 for the years 2014, 2015 and 2016, respectively, which is also included in the respective total amounts disclosed separately above during the Relevant Periods.

12 INCOME TAX EXPENSE

The PRC Enterprise Income Tax is charged at the statutory rate of 25% of the assessable income as determined with the relevant tax rules and regulations of the PRC during the Relevant Periods.

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
PRC Enterprise Income Tax			
- Current tax	3,974	7,172	4,730
- Deferred tax (note 17)	(75)	70	5
	3,899	7,242	4,735

Reconciliation between income tax expense and accounting profit at the applicable tax rate:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	15,304	27,462	18,040
Notional tax on profit before taxation, calculated at 25%	3,826	6,865	4,510
Tax effect of income not taxable	—	(12)	—
Tax effect of expenses not deductible	59	377	178
Tax effect of tax losses not recognised	14	12	47
Income tax expense	3,899	7,242	4,735

As at 31 December 2014, 2015 and 2016, the Target Group has not recognised deferred tax assets in respect of tax losses of approximately RMB107,000, RMB154,000 and RMB343,000, respectively. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams. The Target Group had no other significant deferred taxation not provided for during the Relevant Periods.

The unused tax losses can be carried forward for five years from the year of the incurrence and an analysis of their expiry date are as follow:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Year 2015	—	—	—
Year 2016	—	—	—
Year 2017	—	—	—
Year 2018	51	51	51
Year 2019	56	56	56
Year 2020	—	47	47
Year 2021	—	—	189
	107	154	343

13 DIVIDENDS

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Final dividend paid	—	—	46,487

On 4 January 2016, the board of directors passed resolutions to declare RMB46,487,000 to the equity owner for year 2015.

14 REMUNERATION OF DIRECTORS, SUPERVISORS AND EMPLOYEES

(a) Directors and supervisors

Details of remuneration paid or payable to the directors and supervisors of the Target Company were set out as follows:

	2014			
	Fees	**Salaries and allowances**	**Contribution to retirement benefit scheme**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Directors				
Gu Yong[1]	—	—	—	—
Tang Zhiyuan[2]	—	301	16	317
Supervisors				
Huang Zemiao[1]	—	—	—	—
Xie Ruihuam[2]	—	—	—	—
	—	301	16	317

	2015			
	Fees	**Salaries and allowances**	**Contribution to retirement benefit scheme**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Director				
Tang Zhiyuan	—	330	19	349
Supervisor				
Xie Ruihuam	—	—	—	—
	—	330	19	349

	2016			
	Fees	Salaries and allowances	Contribution to retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Directors				
Duan Naiqi[3]	—	—	—	—
Shen Jingdong[3]	—	—	—	—
Sun Zhiping[3]	—	—	—	—
Tang Zhiyuan	—	360	16	376
Zhong Baisheng[3]	—	—	—	—
Supervisors				
Wang Cheng[3]	—	84	15	99
Xie Ruihuam	—	—	—	—
	—	444	31	475

[1] *Resigned on 22 September 2014*

[2] *Appointed on 22 September 2014*

[3] *Appointed on 16 July 2016*

During the Relevant Periods, there was no arrangement under which a director of the Target Company waived or agreed to waive any emoluments.

During the Relevant Periods, no emoluments were paid by the Target Group to the directors of the Target Company as an inducement to join, or upon joining the Target Group, or as compensation for loss of office.

(b) **Five highest-paid individuals**

Details of the remuneration paid to the five highest paid individuals during the Relevant Periods included one director, one director and one director, respectively, whose remuneration is set out in note (a) above. Details of remuneration of the remaining four, four and four highest paid non-director employees whose remuneration were all below HKD1,000,000 for the Relevant Periods, respectively, and these are as follows:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Salaries and allowances	455	822	972
Contribution retirement benefit scheme	62	65	41
	517	887	1,013

The number of highest paid individual whose remuneration fell within following band is as follows:

	2014	**2015**	**2016**
	Number of individuals	*Number of individuals*	*Number of individuals*
Nil to HKD1,000,000	4	4	4

15 EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusions is not considered meaningful. The Target Group has no potentially dilutive option or other instruments relating to ordinary shares.

16 PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	**Motor vehicles**	**Software**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2014	355	640	—	995
Additions	345	—	—	345
At 31 December 2014 and 1 January 2015	700	640	—	1,340
Additions	132	—	—	132
At 31 December 2015 and 1 January 2016	832	640	—	1,472
Additions	39	—	734	773
Write-off	(133)	—	—	(133)
At 31 December 2016	738	640	734	2,112

	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Software *RMB'000*	Total *RMB'000*
Depreciation:				
At 1 January 2014	154	159	—	313
Charged for the year	82	150	—	232
At 31 December 2014 and 1 January 2015	236	309	—	545
Charged for the year	152	150	—	302
At 31 December 2015 and 1 January 2016	388	459	—	847
Charged for the year	166	147	110	423
Eliminated on write-off	(116)	—	—	(116)
At 31 December 2016	438	606	110	1,154
Carrying value:				
At 31 December 2014	464	331	—	795
At 31 December 2015	444	181	—	625
At 31 December 2016	300	34	624	958

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

	Depreciation rate
Furniture, fixtures and equipment	9.5% - 31.67%
Motor vehicles	9% - 23.75%
Software	20%

17 DEFERRED TAX ASSETS

The following are the deferred tax assets recognised by the Target Group and movements thereon during the Relevant Periods.

	Impairment of trade and other receivables
	RMB'000
Cost:	
At 1 January 2014	—
Credit to profit or loss	75
At 31 December 2014 and 1 January 2015	75
Charge to profit or loss	(70)
At 31 December 2015 and 1 January 2016	5
Charge to profit or loss	(5)
At 31 December 2016	—

18 INVENTORIES

All inventories represent finished goods held for resale.

19 TRADE, BILL AND OTHER RECEIVABLES

	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	1,368	5,430	16,330
Bills receivable	3,513	10,040	6,620
Prepayments	3,240	5,155	5,093
Other receivables	26,744	830	1,084
	34,865	21,455	29,127

The Target Group granted an average credit period from 30 days to 180 days to the corporate customers.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
0 — 30 days	1,298	2,416	15,360
31 — 60 days	70	462	219
61 — 90 days	—	1,565	186
Over 90 days	—	987	565
	1,368	5,430	16,330

Before accepting any new corporate customer, the Target Group assesses the potential corporate customer's credit quality and defines credit limits for corporate customers. Credit limits granted to corporate customers are reviewed annually.

As at 31 December 2014, 2015 and 2016, included in the Target Group's trade receivables balance are debtors with aggregate carrying amount of RMBnil, RMB987,000 and RMB565,000, respectively, which are past due as at the reporting date for which the Target Group has not provided for impairment loss. There has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience and substantial settlement after the end of the reporting period.

Aging of trade receivables (by due date) which are past due but not impaired:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Over 90 days	—	987	565

Movement in the provision for impairment loss on trade and other receivables is as follows:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	—	300	19
Provision for impairment loss	300	19	—
Reversal of impairment loss	—	(300)	(19)
As at 31 December	300	19	—

The bills receivable is aged within six months.

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

20 CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Total cash and bank balances	34,620	80,538	54,989
Less: Pledged bank deposits	(24,200)	—	—
Cash and cash equivalents in the statement of consolidated cash flows	10,420	80,538	54,989

Cash and cash equivalents comprise of bank balances and time deposits deposited with banks in PRC. The short-term bank deposits are with original maturity of three months or less and carried interests at the prevailing market interest rate for the Relevant Periods.

As at 31 December 2014, the pledged bank deposits carry interest at rates of 0.35% per annum and have been pledged to secure the bills payable (note 22).

The RMB is not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21 AMOUNTS DUE FROM/TO A DIRECTOR/A RELATED PARTY/A RELATED COMPANY/FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY

As at 31 December 2014, 2015 and 2016, amounts due from/(to) a director, a related party, a related company, fellow subsidiaries and immediate holding company were unsecured, interest free and repayable on demand. The carrying amount of the amounts due from a director, a fellow subsidiary, a related party and immediate holding company represents the respective maximum amounts outstanding during the Relevant Periods.

22 TRADE AND OTHER PAYABLES

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	7,748	10,543	11,880
Bills payable	84,000	—	—
Receipts in advance	—	—	1,542
Accruals	2,180	1,445	1,743
Other payables	1,196	550	896
	95,124	12,538	16,061

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
0 — 30 days	5,427	8,406	11,578
31 — 60 days	2,248	1,791	—
61 — 90 days	—	321	—
Over 90 days	73	25	302
	7,748	10,543	11,880

The average credit period for trade purchases ranges from 30 to 35 days.

23 BANK BORROWING

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Secured bank borrowing repayable within one year	—	10,000	—

The bank borrowing is at fixed rate and the effective interest rate is 5.98% for the year ended 31 December 2015.

As at 31 December 2015, the bank borrowing is secured by guarantee of RMB30,000,000 from the immediate holding company, a fellow subsidiary and a director.

24 CAPITAL AND RESERVES

(a) Paid-in capital/share capital

	Number of issued shares	Paid-in capital/ share capital *RMB'000*
At 1 January 2014, 31 December 2014, 1 January 2015, 31 December 2015 and 1 January 2016	—	8,000
Capital injection (Note i)	—	42,000
Reorganisation to joint stock limited company (Note ii)	50,000,000	—
Allotment of shares (Note iii)	2,631,579	2,632
At 31 December 2016	52,631,579	52,632

Notes:

(i) On 4 June 2016, a total of RMB42,000,000 had been injected by existing shareholders.

(ii) Based on an approval granted by the Market Supervision Administration of Shenzhen Municipality on 21 July 2016, the Target Company was restructured from a limited liability company to a joint stock limited company. 50,000,000 shares of RMB 1 each had been issued and allotted to the shareholders, determined with reference to the net assets value of the Target Company as at 31 May 2016. The excess of net assets value as of that date in the amount of approximately RMB10,643,000 was transferred to capital reserve.

(iii) On 17 August 2016, a total of 2,631,579 shares had been allotted and issued at a price of RMB3.80 per share with total amount of RMB10,000,000.

(b) Nature and purpose of reserves

(i) *Capital reserve*

This reserve comprise (i) as detailed in note 24(a)(ii) to the consolidated financial statements, the restructure of the company structure from a limited liability company to a joint stock limited company; and (ii) as detailed in note 24(a)(iii) to the consolidated financial statements, the issue of shares at a price in excess of par value per share.

(ii) *Merger reserve*

Refer to note 25, the merger reserve of RMB9,000,000 was initially recognised in the consolidated statements of change in equity for the carrying amount of 90% equity of Shanghai Tengbang, a subsidiary of the Target Company pursuant to the business combination under common control. The addition during the Relevant Periods represents the injection of capital by the equity holder of Qianhai Tengbang, a subsidiary of the Target Company pursuant to the business combination under common control. On 27 April 2016 and 13 May 2016, Qianhai Tengbang and Shanghai Tengbang were acquired by the Target Company for a consideration of RMB50,002,000 and RMB8,424,000, respectively, which the same amount were debited to the merger reserve.

(iii) ***Statutory reserve***

The article of association of the Target Group requires the appropriation of 10% of its profit after tax determined in accordance with generally accepted principles of the PRC to the statutory reserve. The statutory reserve should only be used for marking up losses. Capitalisation into capital and expansion of the production and operation.

25 BUSINESS COMBINATION UNDER COMMON CONTROL

(a) **Qianhai Tengbang**

On 27 April 2016, the Target Company acquired 100% equity interests of Qianhai Tengbang from immediate holding company, Tempus Holding, at a cash consideration of RMB50,002,000. Immediately prior to and after the acquisition, Qianhai Tengbang and the Target Company were under the control of immediate holding company, Tempus Holding.

(b) **Shanghai Tengbang**

On 13 May 2016, the Target Company acquired the remaining 90% equity interests of Shanghai Tengbang from immediate holding company, Tempus Holding, at a cash consideration of RMB8,424,000. After that, Shanghai Tengbang is a wholly-owned subsidiary of the Target Company. Immediately prior to and after the acquisition, Shanghai Tengbang and the Target Company were under the control of immediate holding company, Tempus Holding.

As mentioned above, the acquisitions were accounted for under the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by HKICPA. Accordingly, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the Relevant Periods have included the results, changes in equity and cash flows of Qianhai Tengbang and Shanghai Tengbang from 1 January 2014 as if the combination had occurred from the date when the immediate holding company first obtained control.

26 PLEDGE OF ASSETS

The following assets were pledged to banks as securities to obtain the bill payables at the end of the reporting period:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Pledged bank deposits	24,200	—	—

27 OPERATING LEASE ARRANGEMENTS

As lessee

At the end of the reporting period, the Target Group had commitments for future minimum lease payments for premises under non-cancellable operating leases which fall due:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,299	3,267	2,185
In the second to fifth years inclusive	222	695	869
	1,521	3,962	3,054

Operating lease payments represent rentals payable by the Target Group for its office. Leases are negotiated for terms ranging from one year to five years. None of lease includes contingent rentals.

28 CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 27 above, the Target Group had the following capital commitments at the end of the reporting period:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Capital injection to investments in subsidiaries	50,000	—	10,000

29 RELATED PARTY DISCLOSURES

Other than those balances and transactions disclosed in note 21, during the Relevant Periods the Target Group entered into following transactions with related parties:

	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*
Sales to a fellow subsidiary	—	1,113	—
Sales to immediate holding company	—	1,093	—
Service expenses paid to related companies	—	394	—
Rental expenses paid to immediate holding company	34	43	100

30 RETIREMENT BENEFIT SCHEME

The employees of the Target Group are members of a defined contribution retirement benefit scheme operated by a local Municipal Government of the PRC. The Target Group and the employees are each required to make contributions to the retirement benefit scheme at the rates based on certain percentages of the employees' basic salaries in accordance with the relevant regulations in the PRC and are charged to profit or loss as incurred. The only obligation of the Target Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in future years.

31 FINANCIAL GUARANTEE LIABILITIES

At 31 December 2014 and 2015, the Target Group had outstanding guarantee of RMB20,000,000 and RMB45,400,000 provided to an intermediate holding company of the Target Company for its bank borrowings, respectively. At 31 December 2016, the Target Group did not have any guarantee to third parties.

At 31 December 2014 and 2015, the directors do not consider it probable that a claim will be made against the Target Group under these guarantees. The maximum liability of the Target Group at 31 December 2014 and 2015 under these guarantees are the amount of the facilities drawn down by the holding company that are covered by these guarantees, being RMBnil and RMB25,400,000, respectively.

32 EVENTS AFTER THE REPORTING PERIOD

There is no significant event taken place subsequent to 31 December 2016.

33 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or any of its subsidiaries in respect of any period subsequent to 31 December 2016.

Yours faithfully,
Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 23 June 2017
Gao Yajun
Practising certificate number P06391

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

The following is the management discussion and analysis of the business and financial results of the Target Group for each of the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 (the "**Relevant Periods**"). The following financial information is based on the accountant's report on the Target Group as set out in Appendix II to this circular.

A. BUSINESS REVIEW AND PROSPECTS

The Target Company was established in the PRC in 2005 and is principally engaged in providing supply chain solution including third-party (or contract) logistics and storage, management consulting and other value-added services. The Target Company has three wholly-owned subsidiaries, namely (i) 深圳市騰邦金牛車生活科技有限公司 (Shenzhen Tengbang Jinniuche Life Technology Co., Ltd.*), which was established in September 2016 and has not yet commenced business; (ii) 上海騰邦供應鏈有限公司 (Shanghai Tengbang Supply Chain Co., Ltd.*), which is principally engaged in storage, packaging and distribution of a wide range of cross-border commodities outside the PRC; and (iii) 深圳前海騰邦價值鏈有限公司 (Shenzhen Qianhai Tengbang Value Chain Co., Ltd.*), which is principally engaged in logistics and distribution of tyres and automobile spare parts between major cities in the PRC.

After more than ten year's rapid growth and development of the logistics industry in the PRC, the logistics industry is now trending toward a stable-growth period. Notwithstanding the slightly receding growth, it is expected that the logistics industry is still in the "Golden Period" and some large-scale specialised logistics corporation shall arise.

The Target Group, being specialised in automobile related logistics, aligns with the development trend of the industry. In addition, the existing logistics network, both import and export to certain foreign countries is coherent with the China's The Belt and Road Initiative and the continuing demand in international e-commerce logistics. With the strategy of further horizontal automobile logistics integration and international logistics network expansion, the Target Group will continue to step up its efforts in various key aspects of the business in order to differentiate itself and become a leading international automobile logistics corporation in the PRC.

B. FINANCIAL REVIEW

Financial performance

Segmental information, revenue and costs of sales

For the three years ended 31 December 2014, 2015 and 2016, the Target Group operates in the business segment of trading and distribution of cross-border commodity supply chain services and provision of logistics services in the PRC.

The Target Group generated income from its logistics services business of approximately RMB108,590,000, RMB146,325,000 and RMB149,822,000 for the years ended 31 December 2014, 2015 and 2016, respectively.

The Target Group generated income from its trading and distribution business of approximately RMBnil, RMB8,137,000 and RMB10,346,000 for the years ended 31 December 2014, 2015 and 2016, respectively.

Cost of sales of the Target Group represented the cost of logistics (inclusive of transportation and petroleum cost), the cost of storage (inclusive of cost of rental and salaries) and cost of goods sold. The Target Group recorded cost of sales of approximately RMB84,696,000, RMB118,653,000 and RMB129,554,000 for the year ended 31 December 2014, 2015 and 2016, respectively. The increase in cost of sales was in line with the increase in revenue.

The selling and distribution expenses were mainly comprised of rental and management fee, depreciation and salaries of staff in relation to selling and distribution. The selling and distribution expenses increased from approximately RMB6,407,000 for the year ended 31 December 2014 to approximately RMB8,553,000 for the year ended 31 December 2015 and approximately RMB9,871,000 for the year ended 31 December 2016.

Administrative expenses primarily consisted of salaries, legal and professional fees and office expenses. The decrease in administrative expenses from approximately RMB3,225,000 for the year ended 31 December 2014 to approximately RMB1,156,000 for the year ended 31 December 2015 was primarily attributable to the one-off donation of approximately RMB2,000,000 made in 2014, while the increase in administrative expenses from approximately RMB1,156,000 for the year ended 31 December 2015 to approximately RMB3,891,000 for the year ended 31 December 2016 was primarily attributable to the increase in salaries and legal and professional fees incurred in 2016 for business expansion.

As a result of the factors described above, the Target Group recorded net profits of approximately RMB11,405,000, RMB20,220,000 and RMB13,305,000 for the years ended 31 December 2014, 2015 and 2016, respectively.

Financial resources

	As at 31 December		
	2014	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*
Non-current assets	870	630	958
Current assets	143,617	140,792	93,960
Current liabilities	97,444	24,159	17,263
Net assets	47,043	117,263	77,655

The decrease in non-current assets from approximately RMB870,000 as at 31 December 2014 to approximately RMB630,000 as at 31 December 2015 was primarily attributable to depreciation of property, plant and equipment while the increase in non-current assets from approximately RMB630,000 as at 31 December 2015 to approximately RMB958,000 as at 31 December 2016 was primarily attributable to the acquisition of property, plant and equipment.

The decrease in current assets from approximately RMB143,617,000 as at 31 December 2014 to approximately RMB140,792,000 as at 31 December 2015 and from approximately RMB140,792,000 as at 31 December 2015 to approximately RMB93,960,000 as at 31 December 2016 was primarily attributable to the decrease in advances to director, related party and immediate holding company.

The decrease in current liabilities from approximately RMB97,444,000 as at 31 December 2014 to approximately RMB24,159,000 as at 31 December 2015 and from approximately RMB24,159,000 as at 31 December 2015 to approximately RMB17,263,000 as at 31 December 2016 was primarily attributable to the decrease in bills payable and bank borrowing.

The increase in net assets from approximately RMB47,043,000 as at 31 December 2014 to approximately RMB117,263,000 as at 31 December 2015 was primarily attributable to the capital injection from investor and the profit generated for the year ended 31 December 2015. While the net assets decreased from approximately RMB117,263,000 as at 31 December 2015 to approximately RMB77,655,000 as at 31 December 2016 was primarily attributable to the decrease in cash and cash equivalents as a result of dividend paid for year 2015 during the year ended 31 December 2016.

Liquidity, financial resources and capital structure

The registered capital of the Target Company is approximately RMB52,632,000. For the three years ended 31 December 2014, 2015 and 2016, the Target Group financed its operations primarily through a combination of bank borrowing, issue of shares and capital injection from investor.

As at 31 December 2014, 2015 and 2016, the Target Group had cash and cash equivalents of approximately RMB10,420,000, RMB80,538,000 and RMB54,989,000, respectively, which were all denominated in RMB.

The fluctuation of cash and cash equivalents was reflected by the capital injection from investor, proceeds from capital contribution and contribution to a shareholder.

As at 31 December 2014, 2015 and 2016, the Target Group had outstanding interest-bearing borrowing of approximately RMBnil, RMB10,000,000 and RMBnil respectively.

As at 31 December 2015, the borrowing carried fixed interest rate of 5.98% per annum.

As at 31 December 2014, 2015 and 2016, the total equity of the Target Group was approximately RMB47,043,000, RMB117,263,000 and RMB77,655,000, respectively.

During the Relevant Periods, the Target Group earned revenue and incurred expenses which were mostly denominated in RMB, representing the functional currency of the Target Group. The Target Group does not have a foreign currency hedging policy. During the Relevant Periods, the Target Group did not use any financial instrument for hedging purposes.

Gearing ratio

Gearing ratio (total debt divided by total equity) of the Target Group was approximately 0%, 8.5% and 0% as at 31 December 2014, 2015 and 2016, respectively. Total debt was approximately RMBnil, RMB10,000,000 and RMBnil as at 31 December 2014, 2015 and 2016, respectively.

Charge of assets

As at 31 December 2014, 2015 and 2016, the Target Group pledged approximately RMB24,200,000, RMBnil and RMBnil, respectively, as securities for borrowing.

Significant investments and material acquisitions of subsidiaries

During the Relevant Periods, the Target Company has acquired Shenzhen Qianhai Tengbang Value Chain Co., Ltd. and Shanghai Tengbang Supply Chain Co., Ltd. as its wholly-owned subsidiaries. The Target Company has set up Shenzhen Tengbang Jinniuche Life Technology Co., Ltd., a wholly-owned subsidiary, in September 2016.

Employees and remuneration policies

As at 31 December 2014, 2015 and 2016, total number of employees for the Target Group was 53, 72 and 68, respectively. The key components of the Target Group's remuneration package include basic salary, and where appropriate, other allowances, discretionary incentive bonus subject to certain Target Group's key performance indicators and state-managed retirement benefit scheme.

The details of staff costs are set out in notes 11 and 14 of the accountants' report on the Target Group in Appendix II to this circular.

Future plans for material investment or capital assets

The Target Group will continue to seek business opportunities such as acquisition of or cooperation with other established company(ies) in the same industry, in order to horizontally integrate the Target Group's existing logistics services to manufacturers of tyres and automobile spare parts, and also to extend logistics services to manufacturers of vehicles (both first-hand and second hand vehicles) and related after-market services. As at the Latest Practicable Date, no specific target company was identified.

The Target Group has also planned to implement ERP and IT system in order to develop a comprehensive online monitoring and pricing system. As at the Latest Practicable Date, preliminary assessments were completed but the online monitoring and pricing system was yet implemented.

Save as disclosed above, the Target Group does not have other future plans for material investments or capital assets.

Foreign currency and hedging

The Target Group has limited exposure in foreign currency risk as the assets and liabilities, and the business transactions were denominated in RMB. In addition, the Target Group has not used any financial instrument to hedge potential fluctuation in interest rates and exchange rates.

Contingent liabilities

As at 31 December 2014, 2015 and 2016, the Target Group did not have material contingent liabilities.

** for identification purpose only*

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is an illustrative and unaudited pro forma financial information ("Unaudited Pro Forma Financial Information"), comprising the unaudited pro forma consolidated statement of financial position of Tempus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and 深圳市騰邦價值鏈股份有限公司 (Shenzhen Tempus Value Chain Co., Ltd.*) (the "Target Company") and its subsidiaries (collectively referred to as the "Target Group") (the Group and the Target Group are collectively referred to as the "Enlarge Group") which has been prepared by the directors of the Company (the "Directors") on the basis as set out in the notes below and in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the purpose of illustrating the effect of the proposed acquisition of 61.75% equity interests in the Target Company by the Company (the "Acquisition") on the financial information of the Group, assuming the Acquisition had been completed as at 31 December 2016.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared using the accounting policies consistent with that of the Group as at 31 December 2016, as extracted from the published annual report of the Company for the year ended 31 December 2016.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared by the Directors for illustrative purposes only, and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2016 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

* *English name for identification*

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	Audited consolidated statement of financial position of the Group as at 31 December 2016	Pro forma adjustments: Consolidated statement of financial position of the Target Group as at 31 December 2016				Unaudited consolidated statement of financial position of the Enlarged Group as at 31 December 2016
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 4)*	*Total*
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS						
Property, plant and equipment	277,414	958	1,069	—	—	278,483
Investment property	10,254	—	—	—	—	10,254
Deferred tax assets	1,253	—	—	—	—	1,253
Intangible assets	3,807	—	—	—	—	3,807
Goodwill	2,657	—	—	—	—	2,657
Utility and other deposits paid	9,773	—	—	—	—	9,773
Total non-current assets	305,158	958	1,069	—	—	306,227
CURRENT ASSETS						
Inventories	33,321	4,694	5,240	—	—	38,561
Trade and other receivables and prepayments	90,017	29,127	32,515	—	—	122,532
Utility and other deposits paid	9,446	5,150	5,749	—	—	15,195
Amounts due from related companies	815	—	—	—	—	815
Tax recoverable	1,138	—	—	—	—	1,138
Pledged bank deposits	11,545	—	—	—	—	11,545
Bank balances and cash	171,045	54,989	61,384	(53,767)	(1,415)	177,247
Total current assets	317,327	93,960	104,888	(53,767)	(1,415)	367,033

	Audited consolidated statement of financial position of the Group as at 31 December 2016	Pro forma adjustments				Unaudited consolidated statement of financial position of the Enlarged Group as at 31 December 2016
		Consolidated statement of financial position of the Target Group as at 31 December 2016				
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 4)*	*Total*
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT LIABILITIES						
Bank overdraft	938	—	—	—	—	938
Trade and other payables	56,036	16,061	17,929	—	—	73,965
Amounts due to related companies	53	—	—	—	—	53
Amounts due to an intermediate holding company	686	—	—	—	—	686
Obligations under finance leases	2,355	—	—	—	—	2,355
Bank borrowings	152,684	—	—	—	—	152,684
Tax payable	3,601	1,202	1,342	—	—	4,943
Total current liabilities	216,353	17,263	19,271	—	—	235,624
NET CURRENT ASSETS	100,974	76,697	85,617	(53,767)	(1,415)	131,409
TOTAL ASSETS LESS CURRENT LIABILITIES	406,132	77,655	86,686	(53,767)	(1,415)	437,636
NON-CURRENT LIABILITY						
Obligations under finance leases	4,790	—	—	—	—	4,790
NET ASSETS	401,342	77,655	86,686	(53,767)	(1,415)	432,846
CAPITAL AND RESERVES						
Share capital	27,279	52,632	58,753	(58,753)	—	27,279
Reserves	370,539	25,023	27,933	(28,172)	(1,415)	368,885
Equity attributable to owners of the Company	397,818	77,655	86,686	(86,925)	(1,415)	396,164
Non-controlling interests	3,524	—	—	33,158	—	36,682
TOTAL EQUITY	401,342	77,655	86,686	(53,767)	(1,415)	432,846

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Notes:

1. The amounts are extracted from the consolidated statement of financial position of the Group as at 31 December 2016 included in the published annual report of the Group for the year ended 31 December 2016 dated 31 March 2017.

2. The consolidated statement of financial position of the Target Group as at 31 December 2016 is extracted from the accountant's report of the Target Group as set out in Appendix II to this circular, and converted into Hong Kong dollars using on exchange rate of RMB100 to HK$111.63.

3. On 26 May 2017, the Company entered into a sale and purchase agreement with Tempus Logistics Group Holding Ltd. (the "Vendor") pursuant to which the Company has conditionally agreed to acquire, the 61.75% equity interests held by the Vendor in the Target Company for a cash consideration of RMB48,165,000 (equivalent to approximately HK$53,767,000) (the "Acquisition"). The consideration shall be settled by cash within 3 business days after the completion of the Acquisition.

   The Group and the Target Company are under common control by the Vendor. The Acquisition under common control is accounted for by using merger accounting. Merger accounting involves incorporating the financial information of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first come under the control of the controlling party.

   The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised for goodwill or excess of the Group's interests in the net fair value of the Target Group's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. Any excess of the consideration paid over the net carrying amount of the Target Group are recognised in merger reserve.

   The Unaudited Pro Forma Financial Information has been prepared as if the Target Group had been in existence within the Group on 31 December 2016.

The adjustment reflects the elimination of the Group's investment in the Target Group and the reconciliation of the capital movement arising from the Acquisition is as follows:

	HK$'000
Share capital	58,753
Reserves	27,933
Net assets of the Target Group	86,686
Non-controlling interests*	(33,158)
	53,528
Consideration payable to the Vendor	(53,767)
Net decrease in merger reserve arising from the acquisition under common control	239
Cash consideration payable within one year after completion	53,767

* The non-controlling interests represent the 38.25% equity interests in the Target Group.

4. The adjustment represents estimated acquisition-related costs, which consist of mainly the professional fees directly attributable to the Acquisition, of approximately HK$1,415,000.

5. No other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2016.

The following is the text of a report received from Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of the incorporation in this circular.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

BAKER TILLY
HONG KONG | 天職香港

23 June 2017

To The Board of Directors of Tempus Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tempus Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), and 深圳市騰邦價值鏈股份有限公司 (Shenzhen Tempus Value Chain Co., Ltd.*) (the "Target Company") and its subsidiaries (collectively referred to as the "Target Group") (the Group and the Target Group are collectively referred to as the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2016 and related notes as set out on pages 81 to 84 of the circular dated 23 June 2017 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page 80 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 61.75% equity interests in the Target Company by the Company (the "Proposed Acquisition") on the Group's financial position as at 31 December 2016 as if the Proposed Acquisition had taken place at 31 December 2016. As part of this process, information about the Group's financial position as at 31 December 2016 has been extracted by the Directors from the Group's consolidated financial statement for the year ended 31 December 2016, on which an annual report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

** English name for identification only*

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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 the unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition as at 31 December 2016 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 pro forma adjustments give appropriate effect to those criteria; and

— the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the entity, 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:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

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

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

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong

23 June 2017

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. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

Long Position in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company	Number of underlying Shares of equity derivatives
Mr. Zhong Baisheng *(Note 2)*	Interest of controlled corporation	232,104,800 Shares (L)	66.3%	—
Mr. Yip Chee Lai, Charlie *(Note 3)*	Beneficial owner	6,046,000 Shares (L)	1.7%	2,450,000 Shares (L)
	Interests of parties to an agreement to acquire interest of the Company	17,984,000 Shares (L)	5.2%	—
	Total	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company	Number of underlying Shares of equity derivatives
Mr. Huang Jingkai *(Note 4)*	Beneficial owner	—	—	3,450,000 Shares (L)
Ms. Zhang Yan *(Note 5)*	Beneficial owner	—	—	450,000 Shares (L)
Mr. Han Biao *(Note 6)*	Beneficial owner	—	—	350,000 Shares (L)
Mr. Li Qi *(Note 7)*	Beneficial owner	—	—	350,000 Shares (L)
Mr. Li Dongming *(Note 8)*	Beneficial owner	—	—	3,000,000 Shares (L)
Mr. Wong Lit Chor, Alexis *(Note 9)*	Beneficial owner	—	—	200,000 Shares (L)

Notes:

(1) The letter "L" denotes the Director's long position in the Shares or underlying Shares.

(2) These shares of the Company are held directly by Tempus Holdings (Hong Kong) Limited, which is wholly owned by Tempus Value Chain Limited ("**Tempus Value Chain**"). Tempus Value Chain is wholly owned by the Vendor, which is in turn owned as to 65% by Tempus Group and 35% by 深圳市平豐珠寶有限公司 (Shenzhen Pingfeng Jewellery Ltd.*) ("**Pingfeng Jewellery**"). Pingfeng Jewellery is owned as to 60% by Tempus Group, 30% by Mr. Zhong Baisheng and 10% by Ms. Duan Naiqi. Tempus Group is owned as to 67% by Mr. Zhong Baisheng and 33% by Ms. Duan Naiqi. As at the Latest Practicable Date, Tempus Holdings (Hong Kong) Limited held 232,104,800 shares of the Company, representing approximately 66.3% of the issued share capital of the Company.

(3) Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David, Mr. Yep Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun (the "**Minority Shareholders**") have been the persons acting in concert since 1 April 2008 as confirmed in a confirmatory agreement dated 1 February 2011. Accordingly, each of the Minority Shareholders is taken to be interested in the shares in which the Minority Shareholders are interested pursuant to the SFO. Mr. Yip Chee Lai, Charlie's long position in the underlying Shares comprises 2,450,000 options granted to him by the Company under the share option scheme adopted by the Company on 25 November 2011 (the "**Share Option Scheme**"). Out of these options, 450,000 options were exercisable at the subscription price of HK$3.38 per Share during the period from 31 August 2016 to 30 August 2019, and 2,000,000 options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

(4) Mr. Huang Jingkai's long position in the underlying Shares comprises 3,450,000 options granted to him by the Company under the Share Option Scheme. Out of these options, 450,000 options were exercisable at the subscription price of HK$3.38 per Share during the period from 31 August 2016 to 30 August 2019, and 3,000,000 options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

(5) Ms. Zhang Yan's long position in the underlying Shares comprises 450,000 options granted to her by the Company under the Share Option Scheme. Out of these options, 250,000 options were exercisable at the subscription price of HK$3.38 per Share during the period from 31 August 2016 to 30 August 2019, and 200,000 options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

(6) Mr. Han Biao's long position in the underlying Shares comprises 350,000 options granted to him by the Company under the Share Option Scheme. Out of these options, 150,000 options were exercisable at the subscription price of HK$3.38 per Share during the period from 31 August 2016 to 30 August 2019, and 200,000 options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

(7) Mr. Li Qi's long position in the underlying Shares comprises 350,000 options granted to him by the Company under the Share Option Scheme. Out of these options, 150,000 options were exercisable at the subscription price of HK$3.38 per Share during the period from 31 August 2016 to 30 August 2019, and 200,000 options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

(8) Mr. Li Dongming's long position in the underlying shares comprises 3,000,000 Share options granted to him by the Company on 26 January 2017 under the Share Option Scheme. These share options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

(9) Mr. Wong Lit Chor, Alexis's long position in the underlying shares comprises 200,000 Share options granted to him by the Company on 26 January 2017 under the Share Option Scheme. These share options were exercisable at the exercise price of HK$1.84 per Share during the period from 26 January 2017 to 25 January 2021, subject to the vesting period.

Long position in shares of the Company's associated corporations

Name of Director	Name of associated corporation	Number of shares	Approximate percentage of shareholding
Mr. Zhong Baisheng	Pingfeng Jewellery	9,000,000	90%
Mr. Zhong Baisheng	Tempus Group	67,000,000	67%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' and other persons' interests and short positions in Shares and underlying Shares of the Company

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Long Positions in Shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding in the Company	Number of underlying Shares of equity derivatives
Ms. Duan Naiqi *(Note 2)*	Interests of controlled corporation	232,104,800 Shares (L)	66.3%	—
SCGC Capital Holding Company Limited	Beneficial owner	28,000,000 Shares (L)	8.0%	—
Shenzhen Capital Group Co., Ltd.	Interests of controlled corporation	28,000,000 Shares (L)	8.0%	—
Mr. Yip Chee Seng *(Note 3)*	Beneficial owner	5,774,000 Shares (L)	1.7%	—
	Interests of parties to an agreement to acquire interests of the Company	18,256,000 Shares (L)	5.2%	2,450,000 Shares (L)
	Total	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)
Mr. Yep Gee Kuarn *(Note 3)*	Beneficial owner	6,114,000 Shares (L)	1.7%	—
	Interests of parties to an agreement to acquire interests of the Company	17,916,000 Shares (L)	5.2%	2,450,000 Shares (L)
	Total	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)
Mr. Yip Chee Way, David *(Note 3)*	Beneficial owner	6,096,000 Shares (L)	1.7%	—
	Interests of parties to an agreement to acquire interests of the Company	17,934,000 Shares (L)	5.2%	2,450,000 Shares (L)
	Total	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding in the Company	Number of underlying Shares of equity derivatives
Mr. Tan Beng Gim *(Note 3)*	Beneficial owner	—	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)
	Total	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)
Ms. Chua Siew Hun *(Note 3)*	Beneficial owner	—	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)
	Total	24,030,000 Shares (L)	6.9%	2,450,000 Shares (L)
Luk Ching, Sanna *(Note 4)*	Beneficial owner	—	—	34,782,608 Shares (L)
Win Success Travel Limited *(Note 5)*	Beneficial owner	—	—	21,739,130 Shares (L)

Notes:

(1) The letter "L" denotes the person's long position in the Shares or underlying Shares of the Company.

(2) Pursuant to Part XV of the SFO, each of Ms. Duan Naiqi, Mr. Zhong Baisheng, Tempus Group, Pingfeng Jewellery, the Vendor and Tempus Value Chain is deemed to be interested in the shares held by Tempus Holdings (Hong Kong) Limited. As at the Latest Practicable Date, Tempus Holdings (Hong Kong) Limited held 232,104,800 shares of the Company, representing approximately 66.3% of the issued share capital of the Company. As at the Latest Practicable Date, Ms. Zhang Yan is the treasury director of Tempus Group while Mr. Huang Jingkai is the director of Tempus Group.

(3) The Minority Shareholders have been the persons acting in concert since 1 April 2008 as confirmed in a confirmatory agreement dated 1 February 2011. Accordingly, each of the Minority Shareholders is taken to be interested in the shares in which the Minority Shareholders are interested pursuant to section 318 of the SFO.

(4) Based on the information available on the disclosure of interest information available on the website of the Stock Exchange. To the best of the Directors' information, knowledge and belief, Luk Ching, Sanna's long position in the underlying Shares comprises her interest in a convertible note issued by the Company on 16 June 2017 which can be converted into 34,782,608 new Shares at the conversion price of HK$2.3 per Share (subject to adjustment).

(5) Based on the information available on the disclosure of interest information available on the website of the Stock Exchange. To the best of the Directors' information, knowledge and belief, Win Success Travel Limited's long position in the underlying Shares comprises its interest in a convertible note issued by the Company on 16 June 2017 which can be converted into 21,739,130 new Shares at the conversion price of HK$2.3 per Share (subject to adjustment).

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons, other than a Director or a chief executive of the Company, who had or were deemed or taken to have interests or short positions in Shares or underlying Shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the registered kept by the Company under the SFO.

3. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as disclosed in this circular:

(a) there was no contract or arrangement in which any of the Directors was materially interested and which is significant in relation to the Enlarged Group subsisted as at the Latest Practicable Date; and

(b) none of the Directors had, or have had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors nor their respective associates had interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represents the interests of the Company and/or the Group.

5. LITIGATION

As at the Latest Practicable Date, the Enlarged Group was not engaged in any litigation, claim or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, the executive Director Mr. Li Dongming had entered into a service contract with the Company for a term of three years with effect from 18 October 2016 which is subject to termination provisions therein and provisions on retirement by rotation of the Directors as set out in the Articles of Association. The executive Director Mr. Yip Chee Lai, Charlie had renewed his service contract with the Company for a term of two years with effect from 25 February 2017 which is subject to termination provisions therein and provisions on retirement by rotation of the Directors as set out in the Articles of Association. The independent non-executive Director Mr. Wong Lit Chor, Alexis had been appointed for an initial term of three years with effect from 12 August 2016 and is subject to termination provisions as set out in the appointment letter and provisions on retirement by rotation of the Directors as set out in the Articles of Association.

Apart from the foregoing, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any member of the Enlarged Group which is not determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

7. EXPERTS' QUALIFICATIONS AND CONSENTS

The following is the qualification of the expert who has given their opinion and advice in this circular:

Name	Qualification
Lego Corporate Finance Limited	Independent financial adviser licensed to advise on Type 6 regulated activity
Baker Tilly Hong Kong Limited	Certified Public Accountants

Each of the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appear.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group, since 31 December 2016, the date to which the latest audited financial statements of the Group was made up, and was not beneficially interested in the share capital of any member of the Enlarged Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Enlarged Group within the two years preceding the Latest Practicable Date which is or may be material:

(1) A convertible note dated 16 June 2017 issued by the Company to Mimas Sino Investments Limited in the principal amount of HK$30 million, details of which are set out in the Company's announcement dated 16 June 2017;

(2) A convertible note dated 16 June 2017 issued by the Company to Luk Ching Sanna in the principal amount of HK$80 million, details of which are set out in the Company's announcement dated 16 June 2017;

(3) A convertible note dated 16 June 2017 issued by the Company to Win Success Travel Limited in the principal amount of HK$50 million, details of which are set out in the Company's announcement dated 16 June 2017;

(4) the Sale and Purchase Agreement;

(5) A keepwell deed dated 25 May 2017 entered into between the Company (as issuer), Tempus Group (as support provider) and Mimas Sino Investments Limited (as convertible note investor) in relation to the convertible note issued by the company to Mimas Sino Investments Limited in the principal amount of HK$30 million, details of which are set out in the Company's announcement dated 25 May 2017;

(6) A keepwell deed dated 25 May 2017 entered into between the Company (as issuer), Tempus Group (as support provider) and Luk Ching Sanna (as convertible note investor) in relation to the convertible note issued by the Company to Luk Ching Sanna in the principal amount of HK$80 million, details of which are set out in the Company's announcement dated 25 May 2017;

(7) A keepwell deed dated 25 May 2017 entered into between the Company (as issuer), Tempus Group (as support provider) and Win Success Travel Limited (as convertible note investor) in relation to the convertible note issued by the Company to Win Success Travel Limited in the principal amount of HK$50 million, details of which are set out in the Company's announcement dated 25 May 2017;

(8) the subscription agreement dated 25 May 2017 for the issue by the Company of a convertible note a in the principal amount of HK$30 million to Mimas Sino Investments Limited, details of which are set out in the Company's announcement dated 25 May 2017;

(9) the subscription agreement dated 25 May 2017 for the issue by the Company of a convertible note b in the principal amount of HK$80 million to Luk Ching Sanna, details of which are set out in the Company's announcement dated 25 May 2017;

(10) the subscription agreement dated 25 May 2017 for the issue by the Company of a convertible note c in the principal amount of HK$50 million to Win Success Travel Limited, details of which are set out in the Company's announcement dated 25 May 2017;

(11) the tenancy agreement dated 1 March 2017 entered into between KK VII (BVI) Limited, an indirect wholly-owned subsidiary of the Company, (as the landlord) and Tempus Assets (Hong Kong) Limited, a company which is indirectly owned as to 67% by Mr. Zhong Baisheng, (as the tenant) in relation to the leasing of 28th floor of King Kong Commercial Centre, at No.9 Des Voeux Road West, Hong Kong for a term of three years commencing on 2 March 2017 at a monthly rent of HK$359,600, details of which are set out in the Company's announcement dated 1 March 2017;

(12) the tenancy agreement dated 1 March 2017 entered into between KK VIII (BVI) Limited, an indirect wholly-owned subsidiary of the Company, (as the landlord) and the Vendor (as the tenant) in relation to the leasing of 29th floor (inclusive of rooftop) of King Kong Commercial Centre, at No.9 Des Voeux Road West, Hong Kong for a term of three years commencing on 2 March 2017 at a monthly rent of HK$471,025, details of which are set out in the Company's announcement dated 1 March 2017;

(13) the loan agreement dated 13 January 2017 entered into between 騰邦豪特(深圳)大健康產業有限公司 (Tempus OTO (Shenzhen) Evergrande Health Industry Limited*) (as the lender) and 上海品智投資管理有限公司 (Shanghai Pinzhi Investment Management Limited*) (as the borrower) and the existing shareholders of the borrower for a term loan in the principal amount of RMB25,000,000, which is convertible into equity interest of the borrower during the relevant conversion period, details of which are set out in the Company's voluntary announcement dated 13 January 2017;

(14) the sale and purchase agreement dated 20 October 2016 entered into between AG Acquisition W (BVI) Limited (as the vendor) and Tempus (BVI) Properties Investment Limited, a wholly owned subsidiary of the Company, (as the purchaser) in relation to, among other things, the acquisition of 100 ordinary shares in each of KK VII (BVI) Limited and KK VIII (BVI) Limited, representing the entire issued share capital of KK VII (BVI) Limited and KK VIII (BVI) Limited respectively, at the consideration of HK$245,832,000 (subject to adjustment), details of which are set out in the Company's announcement dated 20 October 2016;

(15) the agreement dated 18 October 2016 entered into between Mr. Tsang Man Kit Andrews (as the vendor) and OTO (BVI) Investment Limited (as the purchaser) in relation to the acquisition of 35% of the existing issued share capital at the consideration of HK$5,250,000, and a further subscription of approximately 25.4% of the enlarged issued share capital of Tempus Sky Enterprises Limited at the consideration of HK$5,100,000, details of which are set out in the Company's announcement dated 18 October 2016;

(16) the agreement dated 27 July 2016 entered into between a vendor and OTO (BVI) Investment Limited (as the purchaser) in relation to, among other things, the acquisition of 36% of the issued share capital of Tempus Jinyuan Limited at the consideration of RMB7.2 million and the subscription of new shares in Tempus Jinyuan Limited at RMB10 million, details of which are set out in the Company's voluntary announcement dated 27 July 2016;

(17) the agreement dated 13 May 2016 entered into between the Target Company (as the purchaser) and the Vendor (as the vendor) in relation to the acquisition of 90% equity interest of 上海騰邦供應鏈有限公司 (Shanghai Tengbang Supply Chain Co., Ltd.*) for a cash consideration of RMB8,406,000; and

(18) the agreement dated 4 May 2016 entered into between the Target Company (as the purchaser) and the Vendor (as the vendor) in relation to the acquisition of 100% equity interest of 深圳前海騰邦價值鏈有限公司 (Shenzhen Qianhai Tengbang Value Chain Co., Ltd.*) for a cash consideration of RMB50,002,000.

Save for disclosed above, no material contract (not being contracts in the ordinary course of business) has been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date.

9. GENERAL

(a) The company secretary of the Company is Mr. Ho Hang Man, who is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ho holds a Bachelor of Business Administration degree in Finance and Management Organization from The Hong Kong University of Science and Technology. Mr. Ho does not have any relationships with any Directors, senior management or substantial shareholders of the Company.

(b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(c) The principal place of business of the Company in Hong Kong is 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong.

(d) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited.

(e) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited.

(f) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong during normal business hours on any weekday other than public holidays, up to and including 8 July 2017:

(a) the Sale and Purchase Agreement;

(b) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(c) the service contracts referred to in the section headed "Service Contracts" in this appendix;

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

(e) the annual report of the Company for the financial year ended 31 March 2015, the annual report of the Company for the nine months ended 31 December 2015 and the annual report of the Company for the financial year ended 31 December 2016;

(f) the written consents referred to in the section headed "Expert's qualifications and consents" of this Appendix;

(g) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;

(h) the letter from Lego Corporate Finance Limited, the text of which is set out on pages 16 to 29 of this circular;

(i) the accountants' report on the Target Group, the text of which is set out in Appendix II to this circular;

(j) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular; and

(k) this circular.

TEMPUS
騰邦控股

TEMPUS HOLDINGS LIMITED
騰 邦 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06880)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Tempus Holdings Limited (the "**Company**") will be held at 2/F, Tempus Group Building, No. 9 Taohua Road, Futian Free Trade Zone, Shenzhen, the PRC on Friday, 14 July 2017 at 11:00 a.m. for the purposes of considering and, if thought fit, passing (with or without modification) the following resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**:

(a) the conditional sale and purchase agreement dated 26 May 2017 (the "**Sale and Purchase Agreement**") entered into between the Company, as purchaser, and 騰邦物流集團股份有限公司 (Tempus Logistics Group Holding Ltd.*) (the "**Vendor**"), as vendor, in relation to the acquisition of the 61.75% Equity Interest held by the Vendor in 深圳市騰邦價值鏈股份有限公司 (Shenzhen Tempus Value Chain Co., Ltd.*) for a cash consideration of RMB48,165,000, details of which have been set out in the circular of the Company dated 23 June 2017, the terms thereof 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 (the "**Directors**") be and is/are hereby authorized for and on behalf of the Company to sign, executive, perfect, perform and deliver all such other agreements, instruments, deeds and documents and do all such acts or things and take all such steps as they may in their absolute discretion consider to be necessary, appropriate or expedient to implement or give effect to or otherwise in connection with or incidental to the Sale and Purchase Agreement and all the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the Directors, in the interests of the Company and its shareholders.

By Order of the Board
Tempus Holdings Limited
Zhong Baisheng
Chairman

Hong Kong, 23 June 2017

* *for identification purposes only.*

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
26th Floor, Pacific Plaza
410 Des Voeux Road West
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company's articles of association. A proxy need not be a member of the Company.

2. For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 11 July 2017 to Friday, 14 July 2017, both days inclusive, and no transfers of the shares of the Company will be effected during such period. In order to be entitled to attend and vote at the EGM, all transfers of Shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, at 31/F., 148 Electric Road, North Point, Hong Kong by no later than 4:30 p.m. on Monday, 10 July 2017.

3. A form of proxy for use at the EGM is enclosed herewith. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited at the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited, at 31/F., 148 Electric Road, North Point, Hong Kong not later than 48 hours before the time appointed for holding that EGM or any adjournment thereof, as the case may be. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

4. In case of joint registered holders of any share in the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. The voting on all the resolutions at the EGM will be conducted by way of a poll.

As at the date of this notice, the Board comprises three executive Directors, namely Mr. Li Dongming, Mr. Huang Jingkai and Mr. Yip Chee Lai, Charlie; two non-executive Directors, namely Mr. Zhong Baisheng and Ms. Zhang Yan; and three independent non-executive Directors, namely Mr. Han Biao, Mr. Wong Lit Chor, Alexis and Mr. Li Qi.