THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Ceneric (Holdings) Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

CENERIC (HOLDINGS) LIMITED
新嶺域(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 50% EQUITY INTERESTS IN AND THE SHAREHOLDER'S LOAN DUE FROM THE TARGET COMPANY

Financial adviser to Ceneric (Holdings) Limited

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

22 December 2017

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday or any day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong and for general banking business
"Company"	Ceneric (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares and the Sale Loan, which shall take place at the offices of New Stage at 4:00 p.m. (or such other time and place as New Stage may agree in writing) on the Completion Date after all conditions precedent to the Sale and Purchase Agreement have been complied with or fulfilled
"Completion Date"	the date on which Completion takes place, being the fifth Business Day after all conditions precedent to the Sale and Purchase Agreement (save for condition precedent (ii) as set out in the sub-section headed "Conditions precedent" in the letter from the Board in this circular, which shall remain fulfilled up to Completion) have been fulfilled or such other date as New Stage may agree
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration for the Sale Shares and Sale Loan in the amount of HK$175 million (subject to adjustment) to be payable by New Stage to Mr. Liu pursuant to the terms and conditions of the Sale and Purchase Agreement
"Consideration Notes"	the transferrable but non-convertible 3-year 12% coupon notes in the aggregate principal amount of HK$160,000,000 (subject to adjustment) to be issued by New Stage as constituted by a note instrument and the terms and conditions thereto

"Deposit"	the deposit and part payment of the Consideration in the amount of HK$15 million to be payable by New Stage to Mr. Liu in cash within 7 Business Days after New Stage having obtained the draft Macau legal opinion in respect of the Macau Company to New Stage's preliminary satisfaction (by such method as New Stage may agree)
"Director(s)"	the director(s) of the Board
"Enlarged Group"	the Group upon Completion (including any company which will become a subsidiary of the Company by reason of an acquisition which had been agreed or proposed since 31 December 2016)
"First Supplemental Agreement"	the first supplemental agreement dated 14 November 2017 entered into between New Stage and Mr. Liu in relation to the amendment of terms under the Initial Sale and Purchase Agreement
"Group"	collectively, the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Valuer"	B.I. Appraisals Limited, being the independent valuer engaged by the Company to conduct a valuation on the Land Parcel as at 31 October 2017
"Initial Sale and Purchase Agreement"	the sale and purchase agreement dated 30 October 2017 entered into between New Stage and Mr. Liu in relation to the sale and purchase of the Sale Shares and the Sale Loan
"Land Grant Contract"	the land grant contract dated 6 March 2017 entered into between the Macau Company and Zhuhai Land Bureau in relation to the acquisition of the Land Parcel
"Land Parcel"	a parcel of land located at the south side of Gang Ao Avenue at its junction with Tian Yu Road, bounded by He Shun Street on the east and Hao Jiang Road on the south, within Hengqin New District, Zhuhai City, Guangdong Province, the PRC (中國廣東省珠海市橫琴新區港澳大道南側、天羽道東側、和順街西側、濠江路北側)
"Land Parcel Premium"	the premium for the Land Parcel in the amount of RMB370 million (equivalent to approximately HK$432.90 million) pursuant to the Land Grant Contract

"Land Use Right Transfer Contract"	the contract dated 3 July 2017 entered among the Macau Company, the PRC Company and Zhuhai Land Bureau pursuant to which the Macau Company has agreed to transfer all of its rights and obligations under the Land Grant Contract to the PRC Company
"Latest Practicable Date"	19 December 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"	31 January 2018 or such other date as may be agreed by New Stage in writing
"Macau"	the Macau Special Administrative Region of the PRC
"Macau Company"	Hengqin Germany City Investment (Macau) Limited, a 70%-owned subsidiary of the Target Company which legally and beneficially owned the entire registered capital of the PRC Company as at the Latest Practicable Date
"Mr. Liu"	Mr. Liu Shiyuan, a controlling shareholder of the Target Company who beneficially owned 50% of the issued share capital of the Target Company as at the Latest Practicable Date
"New Stage"	New Stage Holdings Limited, a company incorporated in the British Virgin Islands on 11 April 2014 with limited liability and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"PRC Company"	珠海橫琴富昌盛實業發展有限公司 (Zhuhai Hengqin Fuchangsheng Real Estate Development Limited*), a company established in the PRC being beneficially owned by the Macau Company as at the Latest Practicable Date
"Previous Shareholder's Loan"	the shareholder's loan in the aggregate principal amount of HK$146.61 million provided by New Stage to the Target Company pursuant to the terms and conditions of the Subscription Agreement
"Previous Transactions"	collectively, the Subscription and the provision of the Previous Shareholder's Loan

"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the Initial Sale and Purchase Agreement as amended by the First Supplemental Agreement and the Second Supplemental Agreement
"Sale Loan"	the shareholder's loan in the amount due and owing by the Target Company to Mr. Liu upon Completion
"Sale Shares"	an aggregate of 50,000 shares, representing 50% of the issued share capital of the Target Company as at the date of the Initial Sale and Purchase Agreement
"Second Supplemental Agreement"	the second supplemental agreement dated 13 December 2017 entered into between New Stage and Mr. Liu in relation to further amendment of terms under the Initial Sale and Purchase Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	share(s) of HK$0.01 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Shares by New Stage pursuant to the terms and conditions of the Subscription Agreement, completion of which took place on 31 August 2017
"Subscription Agreement"	the subscription agreement dated 11 August 2017 entered into between New Stage, the Target Company and Mr. Liu in relation to the Previous Transactions
"Subscription Shares"	an aggregate of 50,000 shares allotted and issued by the Target Company to New Stage pursuant to the terms and conditions of the Subscription Agreement
"Target Company"	Rich Source Property Holdings Limited (富源地產控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which was owned as to 50% by each of New Stage and Mr. Liu respectively as at the Latest Practicable Date
"Target Group"	collectively, the Target Company and its subsidiaries

"Zhuhai Land Bureau"	珠海市國土資源局 (Zhuhai Bureau of Land and Resources*)
"%"	per cent

For the purpose of this circular, unless otherwise specified, conversion of RMB into HK$ is based on the approximate exchange rate of RMB1.00 = HK$1.17. Such exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts in HK$ and RMB have been, could have been or may be converted at such rate or any other exchange rate.

* *For identification purpose only*

CENERIC (HOLDINGS) LIMITED
新 嶺 域 (集 團) 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 542)

Executive Directors:
Mr. Yang Lijun
Mr. Wan Jianjun
Mr. Wong Kui Shing, Danny

Independent non-executive Directors:
Ms. Chan Hoi Ling
Ms. So Wai Lam
Mr. Sung Yat Chun

Registered Office:
The Offices of Sterling Trust (Cayman) Limited
Whitehall House
238 North Church Street
George Town
Grand Cayman
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 3103, 31st Floor
Tower Two, Lippo Centre
89 Queensway
Admiralty
Hong Kong

22 December 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 50% EQUITY INTERESTS IN AND THE SHAREHOLDER'S LOAN DUE FROM THE TARGET COMPANY

INTRODUCTION

References are made to the announcements of the Company dated 11 August 2017, 30 October 2017, 14 November 2017 and 13 December 2017 in relation to the Previous Transactions, the Initial Sale and Purchase Agreement, the First Supplemental Agreement, and the Second Supplemental Agreement, respectively.

On 11 August 2017 (after trading hours), New Stage, a wholly-owned subsidiary of the Company, the Target Company and Mr. Liu entered into the Subscription Agreement pursuant to which New Stage has (i) conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue the Subscription Shares, representing 50% of the enlarged issued share capital of the Target Company; and (ii) subject to completion of the Subscription, agreed to provide the Previous Shareholder's Loan in the aggregate principal amount of HK$146.61 million to the Target Company which shall be interest-free and repayable on demand. As at the Latest Practicable Date, completion of the Previous Transactions had taken place.

On 30 October 2017 (after trading hours), New Stage, as the purchaser, and Mr. Liu, as the vendor, entered into the Initial Sale and Purchase Agreement pursuant to which New Stage has conditionally agreed to purchase and Mr. Liu has conditionally agreed to sell the Sale Shares and the Sale Loan at the Consideration of HK$175 million (subject to adjustment). New Stage and Mr. Liu entered into the First Supplemental Agreement and the Second Supplemental Agreement on 14 November 2017 and 13 December 2017 respectively to amend certain terms under the Initial Sale and Purchase Agreement.

The purpose of this circular is to provide you with, among others, (i) further information on the Sale and Purchase Agreement; (ii) the financial information and other information of the Group; (iii) the financial information of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) the valuation report of the Land Parcel as prepared by the Independent Valuer.

THE SALE AND PURCHASE AGREEMENT

Detail of the principal terms of the Sale and Purchase Agreement are set out below:

Date

30 October 2017 (after trading hours) (as amended on 14 November 2017 and 13 December 2017)

Parties

Purchaser : New Stage, a wholly-owned subsidiary of the Company

Vendor : Mr. Liu

Mr. Liu is a Macau citizen and engaged in property-related business. On 31 December 2009, Mr. Yang Lijun (an executive Director and the controlling Shareholder) as landlord and Zhuhai Xuri Property Management Company Limited* (珠海旭日物業管理有限公司) ("**Zhuhai Xuri**") as tenant entered into a tenancy agreement for a term of 20 years in respect of 2 shops owned by Mr. Yang Lijun. Zhuhai Xuri is a company established in the PRC. Mr. Liu is the legal representative of Zhuhai Xuri. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed above, Mr. Liu had no business relationship with the Company and its associates including the Company's controlling Shareholder and the associates of the controlling Shareholder, and was a third party independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, New Stage has conditionally agreed to purchase and Mr. Liu has conditionally agreed to sell (i) the Sale Shares, which represents 50% of the issued share capital of the Target Company as at the date of the Sale and Purchase Agreement; and (ii) the Sale Loan, which shall represent the shareholder's loan in the amount due and owing by the Target Company to Mr. Liu upon Completion. Unless the sale and purchase of the Sale Shares together with the Sale Loan are completed simultaneously in accordance with the Sale and Purchase Agreement, New Stage shall not be obliged to complete the purchase of the Sale Shares and the Sale Loan.

As at the Latest Practicable Date, the Target Company was (i) legally and beneficially owned as to 50% by each of New Stage and Mr. Liu respectively; and (ii) among others, indebted in the amount of HK$146.61 million to each of New Stage and Mr. Liu respectively. As at the Latest Practicable Date, the Target Company (i) was not a "subsidiary undertaking" (as defined in schedule 1 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong)) of the Company given that the Company does not own the majority of shares in the Target Company and does not have the rights to control the board composition of the Target Company; and (ii) was a jointly-controlled entity of the Company and its financial results had not been consolidated into the accounts of the Company. Upon Completion, the Target Company will be legally and beneficially owned as to 100% by New Stage and hence, it will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

Consideration and payment terms

The Consideration shall be HK$175 million (subject to adjustment), of which the consideration for Sale Loan shall be equivalent to its face value and the remaining amount shall be the consideration for the Sale Shares.

The Consideration shall be payable by New Stage to Mr. Liu:

(i) as to the Deposit of HK$15 million in cash (by such method as New Stage may agree) within 7 Business Days as deposit and part payment of the Consideration after New Stage having obtained the draft Macau legal opinion to New Stage's preliminary satisfaction in relation to Condition (iii) as set out in the sub-section headed "Conditions Precedent" below; and

(ii) as to the remaining balance of HK$160,000,000 (subject to adjustment) by the issue of the Consideration Notes by New Stage upon Completion whereby New Stage shall deliver the note certificate(s) representing the Consideration Notes issued in the name of Mr. Liu against full compliance and fulfillment of all acts and requirements in relation to the delivery or procurement of the delivery by Mr. Liu to New Stage at Completion as set out in the Sale and Purchase Agreement.

The Consideration Notes

The principal terms of the Consideration Notes are summarised as follows:

Issuer	:	New Stage
Noteholder	:	Mr. Liu
Principal amount	:	HK$160,000,000 (subject to adjustment)
Maturity date	:	The third anniversary (the "**Maturity Date**") of the issue date of the Consideration Notes (the "**Issue Date**").
Interest	:	Interest shall accrue daily and shall be calculated on the basis of the actual number of days elapsed and a 365 day year and rounded down to the nearest cent from the Issue Date at the rate of 12% per annum on the principal amount of the Consideration Notes outstanding from time to time. The interest shall be payable by New Stage annually in arrear. The interest rate under the Consideration Notes was arrived at on arm's length basis after normal commercial negotiations between the parties to the Sale and Purchase Agreement.
Transferability	:	The Consideration Notes shall be freely transferable (in integral multiples of HK$1,000,000 thereof in registered form to be represented by note certificate(s)).
Redemption on maturity	:	Unless previously redeemed, or purchased and cancelled, the Consideration Notes will be redeemed at their principal amount on the Maturity Date.
Early redemption	:	New Stage may at any time after the Issue Date but not less than 7 Business Days prior to the Maturity Date give written notice to a noteholder to redeem the Consideration Notes at their principal amount.
Status	:	The Consideration Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of New Stage which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of New Stage, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Mr. Liu and New Stage agree that the Consideration shall be adjusted upward on a dollar-for-dollar basis in the event of an increase of an amount of up to HK$14 million to the total balance of the Sale Loan upon Completion. In the event that the Target Company is indebted to Mr. Liu in the aggregate amount of more than HK$160.61 million upon Completion, there shall be no further adjustment to the Consideration.

Pursuant to the Sale and Purchase Agreement, Mr. Liu has undertaken to notify New Stage in writing the amount of the Sale Loan at least one Business Day prior to the Completion Date.

The Consideration was determined after arm's length negotiations between New Stage and Mr. Liu by making reference to, among others, (i) the outstanding amount of the shareholder's loan owed by the Target Company to Mr. Liu as at 30 September 2017 of HK$146.61 million; (ii) the adjusted unaudited consolidated net assets value of the Target Group as at 30 September 2017 of approximately HK$125.38 million assuming the land title certificate of the Land Parcel had been obtained by the PRC Company on 30 September 2017 and after taking into account the appraised value of the Land Parcel as at 11 August 2017 of approximately RMB450.00 million (equivalent to approximately HK$526.50 million) as assessed by the Independent Valuer using direct comparison approach; and (iii) the Group's view on the development potential of the Land Parcel. Considering the future prospect of the property market in Hengqin New District, the PRC as elaborated in the paragraphs under the section below headed "Reasons for and benefits of entering into the Sale and Purchase Agreement", the Board is of the view that the Consideration is fair and reasonable. It is intended that the Consideration shall be funded by the internal resources of the Group and/or debt financing.

Conditions Precedent

The sale and purchase of the Sale Shares and the Sale Loan is conditional upon satisfactions of the following conditions:

(i) New Stage being solely and absolutely satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group to be conducted in accordance with the terms and conditions as set out in the Sale and Purchase Agreement;

(ii) the representations, undertakings and warranties given by Mr. Liu in accordance with the terms and conditions as set out in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion;

(iii) New Stage or the Company having obtained a legal opinion issued by a firm of lawyers qualified to practice laws in Macau in such form and substance to the satisfaction of New Stage covering such matters in relation to the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the valid establishment and existence of the Macau Company;

(iv) New Stage or the Company having obtained a legal opinion issued by a firm of lawyers qualified to practice laws in the PRC in such form and substance to the satisfaction of New Stage covering such matters in relation to the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the valid establishment and existence of the PRC Company and ownership of the Land Parcel;

(v) New Stage or the Company having obtained a valuation report in relation to the Land Parcel issued by an independent valuer prepared in compliance with Chapter 5 of the Listing Rules in such form and substance to the satisfaction of New Stage whereupon the value of the Land Parcel shall be no less than RMB450 million;

(vi) the PRC Company having obtained the land use right certificate of the Land Parcel issued to the PRC Company's name;

(vii) written Shareholder's approval of the Company in compliance with Rule 14.44 of the Listing Rules having been obtained (or the passing of the necessary resolution by the Shareholders at the extraordinary general meeting of the Company) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and

(viii) all other necessary consent from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained.

Pursuant to the Sale and Purchase Agreement, none of the above conditions precedent is capable of being waived. New Stage and Mr. Liu shall use their best endeavours to procure the fulfilment of the above conditions precedent at or before 4:00 p.m. on the Long Stop Date. If any of the conditions precedent to the Sale and Purchase Agreement has not been satisfied on or before the Long Stop Date, New Stage and Mr. Liu shall not be bound to proceed with the sale and purchase of the Sale Shares and, subject to the refund of the Deposit by Mr. Liu to New Stage, the Sale and Purchase Agreement shall cease to be of any effect except the clauses thereof in relation to the interpretation of words and expressions, confidentiality and announcements, notices required to be served or given, constitution, and the governing law, process agent and jurisdiction, which shall remain in full force and effect, and neither party shall have any obligations under the Sale and Purchase Agreement save for any antecedent breach thereof.

As at the Latest Practicable Date, none of the conditions precedent to the Sale and Purchase Agreement had been fulfilled.

Completion

Completion shall take place at the offices of New Stage at 4:00 p.m. (or such other time and place as New Stage may agree in writing) on the Completion Date after all conditions precedent to the Sale and Purchase Agreement have been complied with or fulfilled.

INFORMATION ON THE TARGET GROUP AND THE LAND PARCEL

The Target Company was incorporated in the British Virgin Islands with limited liability on 22 February 2017 and is an investment holding company holding 70% equity interests in the Macau Company. The remaining 30% equity interests in the Macau Company is held by Mr. Un Chong San ("**Mr. Un**"), who is a Macau citizen and the chairman of German Macau Business Association. As at the Latest Practicable Date, Mr. Un had no business relationship with the Company and its associates including the Company's controlling Shareholder and the associates of the controlling Shareholder. The Macau Company was established in Macau on 5 October 2015 with limited liability which is in turn the legal and beneficial owner of the entire registered capital of the PRC Company. The PRC Company was established in the PRC on 18 May 2017. The registered capital of the PRC Company is RMB500 million of which RMB382.46 million had been paid up as at the Latest Practicable Date. The PRC Company is entitled to engage in the development, sale, operation, leasing and management of properties, as well as trading of furniture and construction materials, and enterprise management consultancy pursuant to its business licence.

On 6 March 2017, the Macau Company, as the successful bidder of the Land Parcel, entered into the Land Grant Contract with Zhuhai Land Bureau to acquire the Land Parcel at the Land Parcel Premium of RMB370 million (equivalent to approximately HK$432.90 million). On 3 July 2017, the Macau Company, the PRC Company and Zhuhai Land Bureau entered into the Land Use Right Transfer Contract pursuant to which the Macau Company has agreed to transfer all its rights and obligations under the Land Grant Contract to the PRC Company.

As at the Latest Practicable Date, the Land Parcel Premium in the amount of RMB370 million (equivalent to approximately HK$432.90 million) had been duly paid in full. As advised by the PRC legal adviser, upon full settlement of the Land Parcel Premium pursuant to the terms of the Land Grant Contract, there should be no legal impediment for the PRC Company to apply for the registration of the land title certificate of the Land Parcel. As at the Latest Practicable Date, the registration of such land title certificate was in progress which was expected to be obtained by 31 January 2018.

The Land Parcel, with a total site area of 60,339.83 square metres, is located at the south side of Gang Ao Avenue at its junction with Tian Yu Road, bounded by He Shun Street on the east and Hao Jiang Road on the south, within Hengqin New District, Zhuhai City, Guangdong Province, the PRC. The Land Parcel is designated for research and development (including residential ancillary) and commercial uses. The Land Parcel is granted for a term of 50 years for research and development use and 40 years for commercial use commencing from the date of handing-over of the Land Parcel. Pursuant to the land use permit of the Land Parcel, construction shall commence before 6 March 2018 and shall be completed before 6 March 2022.

FINANCIAL INFORMATION OF THE TARGET GROUP

The Target Group has not commenced any operation since inception from 5 October 2015, being the date of establishment of the Macau Company, to 31 December 2016 and therefore no revenue and major assets had been recorded as at 31 December 2015 and 2016. The audited consolidated financial statements of the Target Group for the two years ended 31 December 2015 and 2016 and for the nine months ended 30 September 2017, as extracted from the Accountants' Report of the Target Group in Appendix II to this circular, are summarised and set out below:

	For the nine months ended 30 September	**For the year ended 31 December**	
	2017	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*
Profit/(loss) for the year/period before taxation	4,589	(11)	(24)
Profit/(loss) for the year/period after taxation	4,589	(11)	(24)
Profit/(loss) for the year/period attributable to the Target Company/Macau Company	3,330	(11)	(24)

Notes:

1. As extracted from the audited consolidated financial information of the Target Group for the period from 22 February 2017 (being the date of incorporation of the Target Company) to 30 September 2017.

2. As extracted from the audited consolidated financial information of the Macau Company and its subsidiary (i.e. the PRC Company) for the period from 5 October 2015 (being the date of incorporation of the Macau Company) to 31 December 2015 and for the year ended 31 December 2016.

As at 30 September 2017, the audited consolidated net assets of the Target Group amounted to approximately HK$33.30 million. Based on the assumption that the land title certificate of the Land Parcel had been obtained by the PRC Company and after taking into account the appraised value of the Land Parcel as at 31 October 2017 of approximately RMB450.00 million (equivalent to approximately HK$526.50 million) as assessed by the Independent Valuer, the adjusted audited consolidated net assets value of the Target Group as at 30 September 2017 would amount to approximately HK$125.42 million.

Reconciliation statement of the Land Parcel

A reconciliation of the carrying value of the Land Parcel as at 30 September 2017 of HK$434.38 million as disclosed in the Accountants' Report of the Target Group in Appendix II to this circular and the valuation of the Land Parcel of RMB450 million (equivalent to approximately HK$526.50 million) as at 31 October 2017 as set out in the valuation report on the Land Parcel in Appendix V to this circular, are as follows:

	HK$'000
Carrying value of the Land Parcel as at 30 September 2017	434,380
Exchange realignment	(1,640)
Appreciation in value of the Land Parcel up to 31 October 2017	93,760
Valuation of the Land Parcel as at 31 October 2017 (equivalent to RMB450 million)	526,500

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Company is an investment holding company and the Group is principally engaged in properties development and hotel business in the PRC.

The Land Parcel is located in Hengqin New District, being one of the core districts of Zhuhai City, Guangdong Province, the PRC. According to the "Overall programme of reform and innovative development in Zhuhai Hengqin District*" (橫琴自貿區發布改革創新發展總體方案), the Hengqin area will be built as a new platform for national economic and trade cooperation which emphasises the development of tourism and leisure, business and financial services, cultural creativity science, education and high-tech industries. Based on a report issued by Savills plc in August 2017, despite the slight year-on-year decline of 4.0% in the average city-wide sales price of office assets during the first half of 2017, the annual sales volume of office projects in Zhuhai City reached a record high of 1,958 transactions, of which 82.7% occurred in the Hengqin area. Further, it is suggested in the report that investors' attentions and interests will be diverted from the mature commercial areas in Zhuhai City to the emerging areas including the Hengqin New District in the future. Given the unique location and the positive economic prospects of the Land Parcel, following completion of the Previous Transactions, it is the intention of the Group to further increase its stake in the Target Group in order to obtain the control over the Target Group and capture more economic benefits of the Land Parcel. The Group plans to develop the Land Parcel into research and development complexes and commercial properties for sale and/or leasing. The development and construction plan of the Land Parcel is broadly divided into four phases as set out below:

Stage	**Expected commencement date**	**Expected completion date**
Obtaining registration of land title certificate in respect of the Land Parcel	In progress	31 January 2018
Obtaining authority approval on planning and construction of the Land Parcel	After obtaining the land title certificate of the Land Parcel	6 March 2018
Development and construction	Subject to the obtaining of approval from the relevant authority	6 March 2020
Completion	—	On or before 6 March 2022

As at the Latest Practicable Date, the application for registration of land title certificate of the Land Parcel to the PRC Company was in progress. It is expected that the qualification for operation in the real estate development business will be applied by the PRC Company within one month after the obtaining of the land title certificate of the Land Parcel and such qualification is expected to be obtained by end of March 2018. Based on the understanding of management, there shall be no legal impediments for obtaining such qualification after the PRC Company having obtained the land title certificate of the Land Parcel. After obtaining the real estate development qualification, the PRC Company shall commence construction planning of the Land Parcel.

Taking into account the optimistic prospect and growth of the property market in Hengqin New District, it is expected that the transactions contemplated under the Sale and Purchase Agreement will broaden the income stream of the Group and its asset base with potential capital appreciation while aligning the principal business of the Target Company with the core business of the Group, being the development and sale of properties in the PRC, which will then enable the Group to build a stronger market presence within the property market in the PRC.

Based on the above and taking into account the current status of the transfer of the Land Parcel to the PRC Company, the Directors consider that the terms of the Sale and Purchase Agreement are normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACTS OF THE SALE AND PURCHASE AGREEMENT

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

According to the Accountants' Report of the Target Group as set out in Appendix II to this circular, the Target Group recorded a profit of HK$4.59 million for the nine months ended 30 September 2017. While the Sale and Purchase Agreement would not have any material impact on the earnings of the Group immediately upon Completion, in light of, among others, the positive outlook of the property market in Hengqin New District as mentioned in the section above headed "Reasons for and benefits of entering into the Sale and Purchase Agreement", it is expected that earnings of the Group will be enhanced in the long run after Completion.

According to the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix IV to this circular, assuming that the Completion had taken place on 30 June 2017, total assets of the Enlarged Group as at 30 June 2017 would have increased by approximately 71.86% from approximately HK$669.21 million to approximately HK$1,150.12 million, and total liabilities of the Enlarged Group as at 30 June 2017 would have increased by approximately 361.51% from approximately HK$133.25 million to approximately HK$614.96 million.

Further details of the financial impacts of the Sale and Purchase Agreement are set out in Appendix IV to this circular.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the transactions contemplated under the Sale and Purchase Agreement and the Previous Transactions shall be aggregated as if they were one transaction for the purpose of Chapter 14 of the Listing Rules. As more than one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Sale and Purchase Agreement, as aggregated with the Previous Transactions, exceed 25% and all such ratios are less than 100%, the transactions contemplated under the Sale and Purchase Agreement and the Previous Transactions, as aggregated, constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders and/or their associate(s) has a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder and hence, none of the Shareholders would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for approving the Sale and Purchase Agreement and the transaction contemplated thereunder.

As at the Latest Practicable Date, All Great International Holdings Limited was a controlling Shareholder holding 4,150,195,152 Shares, representing approximately 61.20% of the issued share capital of the Company. In lieu of holding a general meeting of the Shareholders, the Company has decided to obtain a written Shareholder's approval from All Great International Holdings Limited in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder from All Great International Holdings Limited shall be obtained by the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no physical general meeting of the Company will be held for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

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

As Completion is subject to the fulfilment of the conditions precedent to the Sale and Purchase Agreement, the sale and purchase of the Sale Shares and the Sale Loan may or may not proceed. Shareholders and potential investors of the Company should exercise cautions when dealing in the shares or any securities of the Company.

By order of the Board
Ceneric (Holdings) Limited
YANG Lijun
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 are disclosed in the following documents respectively which have been published on the websites of the Stock Exchange (http://www.hkex.com.hk/) and the Company (http://www.cenericholdings.com/).

- The annual report of the Company for the year ended 31 December 2014 published on 23 April 2015 (pages 27 to 84) (http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0423/LTN20150423839.pdf);
- the annual report of the Company for the year ended 31 December 2015 published on 22 April 2016 (pages 27 to 84) (http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0422/LTN20160422600.pdf);
- the annual report of the Company for the year ended 31 December 2016 published on 21 April 2017 (pages 27 to 86) (http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0421/LTN201704211408.pdf); and
- the interim report of the Company for the six months ended 30 June 2017 published on 14 September 2017 (pages 3 to 27) (http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0914/LTN20170914425.pdf).

2. INDEBTEDNESS STATEMENT

The Group

As at the close of business on 31 October 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Group had contingent liabilities amounting to HK$2 million in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the purchasers of the properties developed by the Group.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at the close of business on 31 October 2017, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank loans or overdrafts, or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, guarantees or contingent liabilities.

The Target Group

As at the close of business on 31 October 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Target Group had (i) unsecured amount due to non-controlling interests amounting to approximately HK$123 million, which was non-interest bearing and had no fixed term of repayment and (ii) unsecured amounts due to shareholders amounting to approximately HK$293 million, which were non-interest bearing and had no fixed term of repayment.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at the close of business on 31 October 2017, the Target Group did not have any loan capital issued and outstanding or agreed to be issued, bank loans or overdrafts, or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, guarantees or contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, despite the net current liabilities position of the Target Group as at 30 September 2017, taking into account the cash flow from operation and the financial resources available to the Enlarged Group including the internally generated funds, the Enlarged Group will have sufficient working capital for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Company is an investment holding company and the Group is principally engaged in properties development and hotel business in the PRC. The Group mainly operates its business in three segments, being (i) the property development segment which comprises the development and sales of properties; (ii) the hotel business segment which comprises the sub-licensing rights to hotel operators and certain hotel management activities; and (iii) the corporate and other businesses segment which includes general corporate expense items.

For the year ended 31 December 2016, the Group recorded a loss before tax of approximately HK$464.92 million, representing a significant increase from the loss before tax of approximately HK$53.20 million as recorded in the previous year. Such loss was primarily attributable to (i) the one-off amortisation of the two trenches of bonds upon redemption in January 2016; (ii) the amortisation and depreciation of leasehold land and property, plant and equipment which collectively shared significant amount of the Group's total expenses; (iii) the impairment of trade receivables owing by hotel operating rights holders; and (iv) impairment of value of the property, plant and equipment and the licensing rights of the Group. For the six months ended 30 June 2017, the Group recorded a loss before tax of approximately HK$9.27 million, representing a significant improvement from the loss before tax of approximately HK$63.93 million as recorded for the previous corresponding period. Such loss for the six months ended 30 June 2017 was mainly attributable to (i) the amortization and depreciation of leasehold land and property, plant and equipment which collectively shared significant amount of the Group's total expenses; and (ii) the impairment of trade receivables owed by hotel operating rights holders.

Looking forward, the Group believes the global economy will remain unstable and full of challenges. Despite the PRC economy continues to show further improvement, however, demand for residential and commercial properties in the PRC demonstrates moderate growing trend. The Group has been and will continue to proactively devote its efforts and resources to identify property development projects in the PRC with potentially promising earning prospect, while exploring other investment opportunities at the same time. The Group is optimistic about the lucrative opportunities of the property market in the PRC and will continue to focus on property development as its major core business. It is expected that the development of the Land Parcel into research and development complexes and commercial properties will enhance the Group's existing property investment portfolio. Notwithstanding the recent consecutive losses incurred by the Group for the year ended 31 December 2016 and the six months ended 30 June 2017, taking into consideration the rosy prospect and the growth of the property market in Hengqin New District and the development potential of the Land Parcel in such distinct location as disclosed in the section headed "Reasons for and benefits of entering into the Sale and Purchase Agreement" under the "Letter from the Board" to this circular, the Company is of the view that the further acquisition in the Target Group would enable its financial results to be incorporated fully into the Group as a wholly-owned subsidiary and to contribute favourably to the Enlarged Group's results through property appreciation and upon the sale and/or lease of the completed properties.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were 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 published audited consolidated financial statements of the Company were made up.

The following is the text of a report received from CCTH CPA Limited, the reporting accountants of the Company, for the purpose of incorporation into this circular.

A. ACCOUNTANTS' REPORT ON THE TARGET GROUP

CCTH CPA LIMITED
中正天恆會計師有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CENERIC (HOLDINGS) LIMITED

Introduction

We report on the historical financial information of Rich Source Property Holdings Limited (the "Target Company") and its subsidiaries (collectively referred to as the "Target Group") set out on pages II-4 to II-25 which comprises the consolidated statement of financial position as at 30 September 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 22 February 2017 (date of incorporation) to 30 September 2017 (the "Relevant Period") and a summary of significant policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-25 forms an integral part of this report, which has been prepared for inclusion in the circular of Ceneric (Holdings) Limited (the "Company") dated 22 December 2017 (the "Circular") in connection with the proposed acquisition (the "Acquisition") by a wholly-owned subsidiary of the Company of 50% equity interest in and loan made by Mr. Liu Shiyuan to the Target Company.

Directors' responsibilities for the historical financial information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group as at 30 September 2017 and of the Target Group's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Material uncertainty relating to going concern

We draw attention to Note 2 to the Historical Financial Information regarding the adoption of going concern basis on which the Historical Financial Information has been prepared. At 30 September 2017, the Target Group had sustained net current liabilities of HK$404,359,000. The conditions set out in Note 2 indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Target Group to continue as a going concern. The Historical Financial Information does not include any adjustments that would result from a failure to obtain the fundings as referred to in Note 2 to meet in full the financial obligations of the Target Group for the foreseeable future. Our opinion is not modified in respect of this matter.

Report on Matters Under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited and The Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Period.

CCTH CPA Limited
Certified Public Accountants
Hong Kong

Lee Tak Fai, Thomas
Practising Certificate Number P06077

22 December 2017

Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza,
1 Science Museum Road, Tsim Sha Tsui,
Kowloon, Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Period (the "Underlying Financial Statements"), on which the Historical Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except where otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Period from 22 February 2017 (date of incorporation) to 30 September 2017** *HK$'000*
Revenue	*6*	—
Other income and gains	*7*	4,688
Administrative expenses		(99)
Profit before tax		4,589
Income tax expense	*8*	—
Profit for the period		4,589
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations		(361)
Total comprehensive income for the period		4,228
Profit for the period attributable to:		
Owner of the Target Company		3,330
Non-controlling interests		1,259
		4,589
Total comprehensive income attributable to:		
Owner of the Target Company		2,959
Non-controlling interests		1,269
		4,228

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 September 2017** *HK$'000*
Non-current assets		
Land for development	*12*	434,380
Prepayments for land development		3,278
		437,658
Current asset		
Cash and cash equivalents	*13*	12,744
Current liabilities		
Accrued charges and payables		1,174
Amount due to non-controlling interests	*14*	122,709
Amounts due to shareholders	*15*	293,220
		417,103
Net current liabilities		(404,359)
		33,299
Capital and reserves		
Share capital	*16*	780
Reserves		30,959
Equity attributable to owners of the Target Company		31,739
Non-controlling interests	*21*	1,560
		33,299

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Target Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
Profit for the period	—	—	—	3,330	3,330	1,259	4,589
Other comprehensive income							
Exchange differences on translation of foreign operations	—	—	(371)	—	(371)	10	(361)
Total comprehensive income	—	—	(371)	3,330	2,959	1,269	4,228
Shares issued at date of incorporation	390	—	—	—	390	—	390
Shares issued during the period *(Note 16)*	390	28,000	—	—	28,390	—	28,390
Non-controlling interests from acquisition of subsidiary	—	—	—	—	—	291	291
At 30 September 2017	780	28,000	(371)	3,330	31,739	1,560	33,299

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period from 22 February 2017 (date of incorporation) to 30 September 2017
	Note	*HK$'000*
OPERATING ACTIVITIES		
Profit before tax		4,589
Adjustment for:		
Bank interest income		(46)
Operating cash flows before movements in working capital		4,543
Increase in accrued charges and payables		1,174
Net cash generated from operating activities		5,717
INVESTING ACTIVITIES		
Bank interest received		46
Acquisition of land for development		(224,645)
Prepayments for land development		(3,278)
Proceeds from acquisition of a subsidiary	*17*	(415)
Net cash used in investing activities		(228,292)
FINANCING ACTIVITIES		
Proceeds from issue of shares		28,780
Increase in amount due to non-controlling interests		122,709
Increase in amounts due to shareholders		84,191
Net cash generated from financing activities		235,680
Net increase in cash and cash equivalents		13,105
Effect of foreign exchange rate changes, net		(361)
Cash and cash equivalents at end of the period, represented by bank balances		12,744

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated in the British Virgin Islands (the ''BVI'') on 22 February 2017 as an exempted company with limited liability. The address of registered office and principal place of business of the Target Company is Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands.

The Target Company is an investment holding company. The principal activities of the Target Company's subsidiaries are set out in Note 21.

On 31 August 2017, New Stage Holdings Limited (''New Stage''), a wholly-owned subsidiary of Ceneric (Holdings) Limited, acquired 50% equity interest in the Target Company by (i) subscription of the Target Company's new shares for a consideration of HK$28.39 million and (ii) made shareholder loan to the Target Company amounted to HK$146.61 million.

On 30 October 2017, New Stage entered into the sale and purchase agreement with Mr. Liu Shiyuan (''Mr. Liu'') pursuant to which New Stage has conditionally agreed to acquire from Mr. Liu (i) the remaining 50% equity interest in the Target Company not held by New Stage and (ii) the shareholder loan made by Mr. Liu to the Target Company for an aggregate consideration of HK$146.61 million (the ''Acquisition'').

The Historical Financial Information of the Target Group for the Relevant Period is presented in Hong Kong dollars. The functional currency of the Target Company for the Relevant Period is Renminbi (''RMB'').

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of the Target Group has been prepared for inclusion in the Circular in connection with the Acquisition.

The Historical Financial Information of the Target Group has been prepared based on the accounting policies set out in Note 4 which conforms with HKFRSs issued by the HKICPA.

Notwithstanding the net current liabilities at 30 September 2017 amounted to HK$404,359,000 sustained by the Target Group, the Historical Financial Information has been prepared on a going concern basis as the Company has agreed, following the completion of the Acquisition, to provide adequate funds to enable the Target Group to meet in full its financial obligations as and when they fall due for the foreseeable future. Alternatively, the present shareholders of the Target Company have agreed, in the event that the Acquisition is not successful, to provide adequate funds to enable the Target Group to meet in full its financial obligations as and when they fall due for the foreseeable future.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Group has consistently applied all of the Hong Kong Accounting Standards (''HKAS''), HKFRSs, amendments and interpretations (collectively ''HKFRSs'') issued by the HKICPA which are effective for the accounting period beginning on 22 February 2017 throughout the Relevant Period.

At the date of this report, the Target Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
3 The original effective date has been deferred to a date yet to be determined

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Target Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Target Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Target Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

The application of new requirements under HKFRS 16 may result in changes in measurement, presentation and disclosure in the Historical Financial Information. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Target Company complete a detailed review.

Other new and revised HKFRSs not effective

The directors of the Target Company anticipate that the application of other new and revised HKFRSs not yet effective will have no material impact on the Historical Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes all applicable disclosures required by The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

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

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

The principal accounting policies adopted by are as follows:

Basis of consolidation

The Historical Financial Information includes the financial information of the Target Company and its subsidiaries.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Company (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Target Company obtains control over the subsidiary and ceases when the Target Company loses control of the subsidiary.

Business combination

The Target Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Target Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date.

Acquisition-related costs are expenses as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation. Where necessary, amounts reported by the subsidiary have been adjusted to conform with the Target Group's accounting policies.

When the Target Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Target Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Land for development

Land for development is stated at cost less any impairment losses, and is not depreciated. Cost of land includes purchase consideration and other attributable cost of acquisition.

Impairment losses on assets other than goodwill

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

The recoverable amount is the higher of fair value less costs 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax 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 rates (and tax laws) that have been enacted or substantively enacted by the end of 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 reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Foreign currencies

Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

For the purpose of presenting Historical Financial Information, the assets and liabilities of the group entities are translated into the presentation currency at the exchange rates prevailing at the end of reporting period and their income and expenses are translated into Hong Kong dollars at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Impairment loss on financial assets

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

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 or principal payments; or

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

For financial assets carried at amortised cost, the amount of an 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 original effective interest rate.

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

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities (including accrued charges and payables, amounts due to non-controlling interests and shareholders) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. 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, the shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 is recognised in profit or loss.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the directors of the Target Company are required to make judgments, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Impairment of land for development

Management of the Target Group determines on regular basis whether the land for development is impaired. Impairment losses on land for development are recognised when the carrying amount of the asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The value in use calculations require the use of estimates such as the future cash flows and discount rates.

6. REVENUE AND SEGMENT INFORMATION

No revenue was recognised by the Target Group for the Relevant Period.

The Target Group is engaged in property development in the PRC. The directors of the Target Company consider that the Target Group has only one single operating segment and no analyses of segment information are presented.

7. OTHER INCOME AND GAINS

	Period from 22 February 2017 (date of incorporation) to 30 September 2017
	HK$'000
Bank interest income	46
Exchange gains	4,642
	4,688

Exchange gains mainly arose from the foreign currency translations of the amounts due to non-controlling interests and shareholders which are denominated in Hong Kong dollar, the currencies other than the functional currencies of their respective group entities.

8. INCOME TAX EXPENSE

Pursuant to the law and regulations of the BVI, the Target Group is not subject to any income tax in the BVI.

No provision for Macau Income Tax has been made in the Historical Financial Information as the Target Group has no assessable profits derived from Macau for the Relevant Period.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiary of the Target Company is 25%. No provision for PRC Enterprise Income Tax has been made in the Historical Financial Information as the Target Group has no assessable profit for the Relevant Period.

The income tax expense can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Period from 22 February 2017 (date of incorporation) to 30 September 2017
	HK$'000
Profit before tax	4,589
Tax at statutory tax rates	476
Income not taxable for tax purpose	(501)
Expenses not deductible for tax purpose	25
Income tax expense	—

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

No directors of the Target Company received any fees or emoluments in respect of their services rendered to the Target Group during the Relevant Period.

No employees' emoluments were paid or payable by the Target Group in respect of the Relevant Period.

10. DIVIDEND

No dividend was paid or proposed by the Target Company in respect of the Relevant Period.

11. EARNING PER SHARE

No earning per share information is presented as its inclusion, for the purpose of Historical Financial Information, is not considered meaningful.

12. LAND FOR DEVELOPMENT

	As at 30 September 2017 *HK$'000*
Land parcel premium for grant of land use rights in the PRC	434,380

On 6 March 2017, Hengqin Germany City Investment (Macau) Limited (the "Macau Company"), a subsidiary of the Target Company, and Zhuhai Land Bureau of the PRC entered into a land grant contract for the grant to the Macau Company of certain land in Hengqin New District, Zhuhai City, Guangdong Province, the PRC (the "Land") at the land parcel premium amounted to RMB370,000,000. The Land was granted by the PRC government which is designated for research and development (including residential ancillary) and commercial uses with a term of 50 years and 40 years respectively commencing from the date of hand-over of the Land. On 3 July 2017, the Macau Company, its subsidiary, Zhuhai Hengqin Fuchangsheng Real Estate Development Limited (the "PRC Company"), and Zuihai Land Bureau entered into the land use right transfer contract pursuant to which the Macau Company has agreed to transfer all its rights and obligations under the land grant contract to the PRC Company for nil consideration.

On 6 September 2017, the land parcel premium for the grant of the Land amounted to RMB370,000,000 (equivalent to approximately HK$434,380,000) was paid in full. In the opinion of the directors of the Macau Company, as the land parcel premium was fully paid by the Target Group, there should be no legal impediment for the registration of the land title certificate of the Land in favour of the PRC Company. As at the date of this report, the registration of such title certificate is in progress.

Pursuant to the land grant contract, the Target Group is obliged to give performance guarantee amounting to RMB37,000,000 to Zhuhai Land Bureau, by way either of payment in cash or bank guarantee, which should be given prior to the issue of Approval for Construction Land (建設用地批准書). Any penalty fees incurred as a result of the Target Group failing to perform its obligation in accordance with the land grant contract will be deducted from the performance guarantee. The performance guarantee has been given by the Target Group up to the date of this report but has not been recognised in the Historical Financial Information. The performance guarantee shall be refundable subject to the satisfaction of performance obligation of the Target Group in respect of the development of the Land in accordance with the terms of the land grant contract.

13. CASH AND CASH EQUIVALENTS

	As at 30 September 2017 *HK$'000*
Bank balances	12,744

The remittance of the bank balances, which are denominated in RMB, is subject to the foreign exchange control restrictions imposed by the government of the PRC.

14. AMOUNT DUE TO NON-CONTROLLING INTERESTS

The amount due to non-controlling interests, Mr. Un Chong San, a shareholder of Macau Company, which is denominated in Hong Kong dollar, is unsecured, non-interest bearing and repayable on demand.

15. AMOUNTS DUE TO SHAREHOLDERS

	As at 30 September 2017
	HK$'000
New Stage	146,610
Mr. Liu	146,610
	293,220

The amounts due to the shareholders, which are denominated in Hong Kong dollar, are unsecured, non-interest bearing and repayable on demand.

16. SHARE CAPITAL

		Nominal amount	
	Number of shares	**US$**	**Equivalent to HK$'000**
Authorised:			
On date of incorporation	50,000	50,000	390
Increase in authorised share capital on 10 August 2017	950,000	950,000	7,410
At 30 September 2017	1,000,000	1,000,000	7,800
Issued and fully paid:			
Shares issued at date of incorporation	50,000	50,000	390
Shares issued on 31 August 2017	50,000	50,000	390
At 30 September 2017	100,000	100,000	780

The Target Company was incorporated in the BVI with limited liability on 22 February 2017, with an authorised share capital of United States dollar ("US$") 50,000 divided into 50,000 shares of US$1 each. Upon incorporation, the Target Company issued 50,000 shares of US$1 each for a consideration of US$50,000 to provide an initial capital to the Target Company.

On 10 August 2017, the Target Company increased its authorised share capital to US$1,000,000 by the creation of 950,000 shares of US$1 each. On 31 August 2017, the Target Company allotted and issued 50,000 shares of US$1 each to New Stage for the cash consideration of HK$28,390,000.

17. ACQUISITION OF SUBSIDIARY

On 28 March 2017, the Target Company acquired 70% equity interest in the Macau Company from the shareholders of the Macau Company for a consideration of MOP700,000, which was paid in cash.

The principal asset of the Macau Company and its subsidiary (the "Macau Group") is certain land in the PRC held for development. No business was undertaken by the Macau Group from the date of incorporation of the Macau Company up to the date of this report. Accordingly, the acquisition of 70% equity interest in the Macau Company has been accounted for as acquisition of assets. Assets and liabilities of the Macau Group recognised at the date of acquisition are as follows:

	HK$'000
Land for development	209,735
Amount due from a director	485
Cash and cash equivalents	265
Amount due to a shareholder	(209,514)
	971

The effect of the acquisition of the Macau Group is as follows:

	HK$'000
Consideration transferred	680
Plus: non-controlling interests	291
	971

Net cash outflow on acquisition of the Macau Group:

	HK$'000
Consideration paid in cash	(680)
Cash and cash equivalents acquired	265
Net cash outflow from the acquisition	(415)

18. CAPITAL RISK MANAGEMENT

The directors of the Target Company manage its capital to ensure that the Target Group will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. The Target Group's overall strategy remains unchanged from the date of incorporation.

The capital structure of the Target Group consists of share capital and reserves.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Target Group will balance its overall capital structure through capital contribution and raising of new debts.

19. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30 September 2017 *HK$'000*
Financial assets	
Loans and receivables	
Cash and cash equivalents	12,744
Financial liabilities	
Financial liabilities at amortised cost	
Accrued charges and payables	1,174
Amount due to non-controlling interests	122,709
Amounts due to shareholders	293,220
	417,103

Financial risk management objectives and policies

The Target Group's financial instruments include cash and cash equivalents, accrued charges and payables, and amounts due to non-controlling interests and shareholders. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below:

(a) Market risk

The Target Group's activities expose primarily to the market risk of changes in foreign currency exchange rates and interest rates.

Currency risk

The Target Group has currency exposures as the amounts due to the non-controlling interests and the shareholders are both denominated in Hong Kong dollar, which are not functional currency of the respective group entities. The Target Group manages its currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Target Group monitors the foreign currency exchange rates closely so as to minimise any potential material adverse effects from these exposure in a timely manner.

The following table demonstrates the sensitivity at the reporting date to a reasonable possible change in the exchange rate of HK$ with all other variable held constant, of the Target Group's profit before tax.

	Increase/ (decrease) in exchange rate *%*	**Increase/ (decrease) in profit before tax** *HK$'000*
30 September 2017		
If HK$ weaken against RMB	(5)	20,796
If HK$ strengthens against RMB	5	(20,796)

Interest rate risk

The Target Group has no significant interest-bearing assets and liabilities. Any change in interest rates in respect of the bank balances of the Target Group is regarded insignificant as these bank balances are short-term in nature. Accordingly, no sensitivity analysis to interest rate risk is presented. The Target Group has not used interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

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 statements of financial position.

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

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

(c) Liquidity risk

Liquidity risk mainly represents the risk that the Target Group will not be able to meet its financial obligations. The Company has agreed, following the completion of the acquisition by the subsidiary of the Company of 100% equity interest in the Target Group, to provide adequate funds to enable the Target Group to meet in full its financial obligations as and when they fall due for the foreseeable future. Alternatively, the holding company of the Target Company has agreed, in the event that the acquisition is not successful, to provide adequate funds to enable the Target Group to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the director of the Target Company is of the view that the liquidity risk exposed to the Target Company is not regarded significant.

The following tables detail the contractual maturities of the Target Group for their non-derivative financial liabilities, which are based on undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of reporting period.

In addition, the following tables detail the contractual maturities of the Target Group for their non-derivative financial assets, which are based on undiscounted cash flows of financial assets based on the earliest date on which the Target Group can be required to pay. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Target Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	On demand	**Less than 1 year**	**Over 1 year**	**Total undiscounted cash flow**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2017					
Non-derivative assets					
Cash and cash equivalents	12,744	—	—	12,744	12,744

	On demand *HK$'000*	Less than 1 year *HK$'000*	Over 1 year *HK$'000*	Total undiscounted cash flow *HK$'000*	Total carrying amount *HK$'000*
Non-derivative liabilities					
Accrued charges and payables	1,174	—	—	1,174	1,174
Amount due to non-controlling interests	122,709	—	—	122,709	122,709
Amounts due to shareholders	293,220	—	—	293,220	293,220
	417,103	—	—	417,103	417,103

(d) Fair value

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 recognised at amortised cost at the end of reporting period approximate their fair values.

20. STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

	As at 30 September 2017 *HK$'000*
Non-current asset	
Investment in a subsidiary	680
Current asset	
Amount due from a subsidiary	174,710
Current liability	
Amount due to a shareholder	146,610
Net current assets	28,100
	28,780
Capital and reserves	
Share capital	780
Reserves	28,000
	28,780

21. SUBSIDIARIES

Details of the Target Company's subsidiaries as at 30 September 2017 are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered and paid in capital	Percentage of attributable equity interest held by the Target Company as at 30 September 2017	Principal activities
Direct subsidiary				
Hengqin Germany City Investment (Macau) Limited (the "Macau Company")	Macau 5 October 2015	MOP1,000,000	70%	Investment holding
Indirect subsidiary				
珠海橫琴富昌盛實業發展有限公司 Zhuhai Hengqin Fuchangsheng Real Estate Development Limited (the "PRC Company") *(Note b)*	PRC 18 May 2017	Note a	70%	Development, sale, operation, leasing and management of properties

Notes:

(a) The registered capital of the PRC Company is RMB500,000,000 of which RMB382,460,000 was fully paid up to 30 September 2017.

(b) The entity is registered as a wholly-owned foreign enterprise in the PRC and its English name is for identification purpose only.

The Target Company and its subsidiaries adopt 31 December as their financial year end date.

As at the date of this report, no statutory financial statements have been prepared for the Target Company and the PRC Company since its incorporation. The financial statements of the Macau Company for the period from 5 October 2015 to 31 December 2015 and for the year ended 31 December 2016 have been prepared in accordance with the relevant accounting principles and financial regulations applicable to company established in Macau and were audited by Leong Wun Chao, certified public accountant & auditor registered in Macau.

Details of non wholly-owned subsidiary that have material controlling interests

The table below shows details of the non wholly-owned subsidiary of the Target Company that has material non-controlling interests.

Name of subsidiary	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests
		%	*HK$'000*	*HK$'000*
Macau Company	PRC	30	1,259	1,560

Summarised financial information in respect of the Target Company's subsidiary at 30 September 2017 that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	As at 30 September 2017
	HK$'000
Non-current assets	437,658
Current assets	12,744
Current liabilities	(445,238)
	5,164
Equity attributable to owners of the Target Company	3,615
Non-controlling interests	1,549
	5,164

	Period from 22 February 2017 (date of incorporation) to 30 September 2017
	HK$'000
Revenue	—
Other income and gains	4,294
Expenses	(99)
Profit for the period	4,195
Profit attributable to owners of the Target Company	2,936
Profit attributable to non-controlling interests	1,259
Profit for the period	4,195
Total comprehensive income attributable to:	
Owners of the Target Company	2,959
Non-controlling interests	1,269
Total comprehensive income for the period	4,228
Net cash inflow from operating activities	4,149
Net cash outflow from investing activities	(437,612)
Net cash inflow from financing activities	446,174
Net cash inflow	12,711

22. EVENTS AFTER THE RELEVANT PERIOD

In addition to those disclosed in other notes to the Historical Financial Statements, no significant events took place subsequent to the Relevant Period.

23. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company and its subsidiaries have been prepared in respect of any period subsequent to 30 September 2017.

B. ACCOUNTANTS' REPORT ON THE MACAU GROUP

CCTH CPA LIMITED
中正天恆會計師有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CENERIC (HOLDINGS) LIMITED

Introduction

We report on the historical financial information of Hengqin Germany City Investment (Macau) Limited (the ''Macau Company'') and its subsidiary (collectively referred to as the ''Macau Group'') set out on pages II-29 to II-51 which comprises the consolidated statements of financial position as at 31 December 2015 and 2016 and 30 September 2017, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the period from 5 October 2015 (date of incorporation) to 31 December 2015, year ended 31 December 2016 and nine months ended 30 September 2017 (together the ''Relevant Periods'') and a summary of significant policies and other explanatory information (together the ''Historical Financial Information''). The Historical Financial Information set out on pages II-29 to II-51 forms an integral part of this report, which has been prepared for inclusion in the circular of Ceneric (Holdings) Limited (the ''Company'') dated 22 December 2017 (the ''Circular'') in connection with the proposed acquisition (the ''Acquisition'') by a wholly-owned subsidiary of the Company of 50% equity interest in and loan made by Mr. Liu Shiyuan to Rich Source Property Holdings Limited, the immediate holding company of the Macau Company.

Directors' responsibilities for the historical financial information

The directors of the Macau Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Macau Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 ''Accountants' Reports on Historical Financial Information in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Macau Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Macau Group as at 31 December 2015 and 2016 and 30 September 2017 and of the Macau Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Material uncertainty relating to going concern

We draw attention to Note 2 to the Historical Financial Information regarding the adoption of going concern basis on which the Historical Financial Information has been prepared. At 30 September 2017, the Macau Group and the Macau Company had sustained net current liabilities of HK$432,494,000 and HK$443,790,000 respectively. The conditions set out in Note 2 indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Macau Group to continue as a going concern. The Historical Financial Information does not include any adjustments that would result from a failure to obtain the fundings as referred to in Note 2 to meet in full the financial obligations of the Macau Group for the foreseeable future. Our opinion is not modified in respect of this matter.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Macau Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2016 and other explanatory information (the ''Stub Period Comparative Financial Information''). The directors of the Macau Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ''Review of Interim

Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and The Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-29 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which states that no dividends have been paid by the Macau Company in respect of the Relevant Periods.

CCTH CPA Limited
Certified Public Accountants
Hong Kong

Lee Tak Fai, Thomas
Practising Certificate Number P06077

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Unit 5–6, 7/F., Greenfield Tower, Concordia Plaza,
1 Science Museum Road, Tsim Sha Tsui,
Kowloon, Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE MACAU GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Macau Group for the Relevant Periods (the "Underlying Financial Statements"), on which the Historical Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except where otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 5 October 2015 (date of incorporation) to 31 December 2015	Year ended 31 December 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
Revenue	*6*	—	—	—	—
Other income and gains	*7*	—	—	4,294	—
Administrative expenses		(24)	(11)	(99)	—
(Loss)/profit before tax	*8*	(24)	(11)	4,195	—
Income tax expense	*9*	—	—	—	—
(Loss)/profit for the period		(24)	(11)	4,195	—
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		—	—	33	—
Total comprehensive income for the period		(24)	(11)	4,228	—

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 September
		2015	2016	2017
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Land for development	*13*	—	—	434,380
Prepayments for land development		—	—	3,278
		—	—	437,658
Current assets				
Amounts due from directors	*14*	971	971	—
Cash and cash equivalents	*15*	—	—	12,744
		971	971	12,744
Current liabilities				
Accrued charges and payables		24	35	1,209
Amount due to immediate holding company	*16*	—	—	174,710
Amount due to a shareholder	*17*	—	—	122,709
Amount due to a related party	*18*	—	—	146,610
		24	35	445,238
Net current assets/(liabilities)		947	936	(432,494)
		947	936	5,164
Capital and reserves				
Registered capital	*19*	971	971	971
Reserves		(24)	(35)	4,193
		947	936	5,164

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Registered capital *HK$'000*	Exchange reserve *HK$'000*	(Accumulated losses)/ retained earnings *HK$'000*	Total *HK$'000*
Comprehensive income for the period				
Loss for the period	—	—	(24)	(24)
Registered capital paid up at date of incorporation	971	—	—	971
At 31 December 2015 and 1 January 2016	971	—	(24)	947
Comprehensive income for the year				
Loss for the year	—	—	(11)	(11)
At 31 December 2016 and 1 January 2017	971	—	(35)	936
Profit for the period	—	—	4,195	4,195
Other comprehensive income				
Exchange differences on translation of foreign operations	—	33	—	33
Total comprehensive income for the period	—	33	4,195	4,228
At 30 September 2017	971	33	4,160	5,164
Nine months ended 30 September 2016 (Unaudited)				
At 1 January 2016 and 30 September 2016	971	—	(24)	947

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period from 5 October 2015 (date of incorporation) to 31 December 2015	Year ended 31 December 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
OPERATING ACTIVITIES				
(Loss)/profit before tax	(24)	(11)	4,195	—
Adjustment for:				
Bank interest income	—	—	(46)	—
Operating cash flows before movements in working capital	—	—	4,149	—
Increase in accrued charges	24	11	—	—
Net cash generated from operating activities	—	—	4,149	—
INVESTING ACTIVITIES				
Bank interest received	—	—	46	—
Acquisition of land for development	—	—	(434,380)	—
Prepayments for land development	—	—	(3,278)	—
Net cash used in investing activities	—	—	(437,612)	—
FINANCING ACTIVITIES				
Registered capital paid-up	—	—	971	—
Increase in amount due to immediate holding company	—	—	174,710	—
Increase in amount to a shareholder	—	—	122,709	—
Increase in amount due to a related party	—	—	146,610	—
Increase in amount due to a former shareholder	—	—	1,174	—
Net cash generated from financing activities	—	—	446,174	—
Net increase in cash and cash equivalents	—	—	12,711	—
Cash and cash equivalents at beginning of the period	—	—	—	—
Effect of foreign exchange rate changes, net	—	—	33	—
Cash and cash equivalents at end of the period, represented by bank balances	—	—	12,744	—

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Macau Company was incorporated in Macau on 5 October 2015 with limited liability. The address of the registered office and principal place of business of the Macau Company is Block A, G/F, Centro Industrial De Macau, 189 Avenida de venceslau de Morais, Macau.

The Macau Company is an investment holding company. The subsidiary of the Macau Company is principally engaged in the development, sale, operation, leasing and management of properties in the People's Republic of China (''PRC'').

The immediate holding company of the Macau Company is Rich Source Property Holdings Limited (the ''Target Company''), which was incorporated in the British Virgin Islands with limited liability. The directors of the Macau Company consider the Macau Company's ultimate holding company to be Rich Source Property Holdings Limited.

On 31 August 2017, New Stage Holdings Limited (''New Stage''), a wholly-owned subsidiary of Ceneric (Holdings) Limited, acquired 50% equity interest in the Target Company by (i) subscription of the Target Company's new shares for a consideration of HK$28.39 million and (ii) made shareholder loan to the Target Company amounted to HK$146.61 million.

On 30 October 2017, New Stage entered into the sale and purchase agreement with Mr. Liu Shiyuan (''Mr. Liu'') pursuant to which New Stage has conditionally agreed to acquire from Mr. Liu (i) the remaining 50% equity interest in the Target Company not held by New Stage and (ii) the shareholder loan made by Mr. Liu to the Target Company for an aggregate consideration of HK$146.61 million (the ''Acquisition'').

The Historical Financial Information of the Macau Group for the Relevant Periods is presented in Hong Kong dollars. The functional currency of the Macau Company for the Relevant Periods is Renminbi (''RMB'').

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of the Macau Group has been prepared for inclusion in the Circular in connection with the Acquisition.

The Historical Financial Information of the Macau Group has been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs issued by the HKICPA.

Notwithstanding the net current liabilities at 30 September 2017 amounted to HK$432,494,000 and HK$443,790,000 sustained by the Macau Group and the Macau Company respectively, the Historical Financial Information has been prepared on a going concern basis as the Company has agreed, following the completion of the Acquisition, to provide adequate funds to enable the Macau Group to meet in full its financial obligations as and when they fall due for the foreseeable future. Alternatively, the present shareholders of the Macau Company have agreed, in the event that the acquisition is not successful, to provide adequate funds to enable the Macau Group to meet in full its financial obligations as and when they fall due for the foreseeable future.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Macau Group has consistently applied all of the HKFRSs issued by the HKICPA which are effective for the accounting period beginning on 1 January 2017 throughout the Relevant Periods.

At the date of this report, the Macau Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
3 The original effective date has been deferred to a date yet to be determined

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Macau Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Macau Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Macau Company presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

The application of new requirements under HKFRS 16 may result in changes in measurement, presentation and disclosure in the Historical Financial Information. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Macau Company complete a detailed review.

Other new and revised HKFRSs not effective

The directors of the Macau Company anticipate that the application of other new and revised HKFRSs not yet effective will have no material impact on the Historical Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes all applicable disclosures required by The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Macau Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

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

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

The principal accounting policies adopted by are as follows:

Basis of consolidation

The Historical Financial Information includes the financial information of the Macau Company and its subsidiaries.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Macau Company. Control is achieved when the Macau Company (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Macau Company obtains control over the subsidiary and ceases when the Macau Company loses control of the subsidiary.

Business combination

The Macau Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Macau Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date.

Acquisition-related costs are expenses as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Macau Group are eliminated in full on consolidation. Where necessary, amounts reported by the subsidiary have been adjusted to conform with the Macau Group's accounting policies.

When the Macau Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Macau Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Land for development

Land for development is stated at cost less any impairment loss, and is not depreciated. Cost of the land includes purchase consideration and other attributable cost of acquisition.

Impairment losses on assets other than goodwill

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

The recoverable amount is the higher of fair value less costs 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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 period. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax of the Macau Group is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax 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 rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period.

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

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

Foreign currencies

Each entity in the Macau Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

For the purpose of presenting Historical Financial Information, the assets and liabilities of the group entities are translated into the presentation currency at the exchange rates prevailing at the end of reporting period and their income and expenses are translated into Hong Kong dollars at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position when the Macau Group becomes a party to the contractual provisions of the instrument.

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

Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including the amounts due from directors and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Impairment loss on financial assets

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

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 or principal payments; or

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

For financial assets carried at amortised cost, the amount of an 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 original effective interest rate.

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

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities (including accrued charges and payables, amounts due to immediate holding company, a shareholder and a related party) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

The Macau Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 is recognised in profit or loss.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Macau Group's accounting policies, which are described in Note 4, the directors of the Macau Company are required to make judgments, 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Impairment of land for development

Management of the Macau Group determines on regular basis whether the land for development is impaired. Impairment losses on land for development are recognised when the carrying amount of the asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The value in use calculations require the use of estimates such as the future cash flows and discount rates.

6. REVENUE AND SEGMENT INFORMATION

No revenue was recognised by the Macau Group for the Relevant Periods.

The Macau Group is engaged in property development in the PRC. The directors of the Macau Company consider that the Macau Group has only one single operating segment and no analyses of segment information are presented.

7. OTHER INCOME AND GAINS

	Period from 5 October 2015 (date of incorporation) to 31 December 2015	**Year ended 31 December 2016**	**Nine months ended 30 September 2017**	**Nine months ended 30 September 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Bank interest income	—	—	46	—
Exchange gains	—	—	4,248	—
	—	—	4,294	—

Exchange gains mainly arose from the foreign currency translations of the amounts due to immediate holding company, a shareholder and a related party which are denominated in Hong Kong dollar, the currencies other than the functional currencies of their respective group entities.

8. (LOSS)/PROFIT BEFORE TAX

	Period from 5 October 2015 (date of incorporation) to 31 December 2015	**Year ended 31 December 2016**	**Nine months ended 30 September 2017**	**Nine months ended 30 September 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
(Loss)/profit before tax has been arrived at after charging:				
Auditor's remuneration	10	10	—	—

9. INCOME TAX EXPENSE

No provision for Macau Income Tax has been made in the Historical Financial Information as the Macau Group has no assessable profits derived from Macau for the Relevant Periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiary of the Macau Company is 25%. No provision for PRC Enterprise Income Tax has been made in the Historical Financial Information as the Macau Group has no assessable profit for the Relevant Periods.

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

	Period from 5 October 2015 (date of incorporation) to 31 December 2015	Year ended 31 December 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
(Loss)/profit before tax	(24)	(11)	4,195	—
Tax at statutory tax rates	—	—	411	—
Income not taxable for tax purpose	—	—	(436)	—
Expenses not deductible for tax purpose	—	—	25	—
Income tax expense	—	—	—	—

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

No directors of the Macau Company received any fees or emoluments in respect of their services rendered to the Macau Group during the Relevant Periods.

No employees' emoluments were paid or payable by the Macau Group in respect of each of the Relevant Periods.

11. DIVIDEND

No dividend was paid or proposed by the Macau Company in respect of each of the Relevant Periods.

12. EARNING PER SHARE

No earning per share information is presented as its inclusion, for the purpose of Historical Financial Information, is not considered meaningful.

13. LAND FOR DEVELOPMENT

	As at 31 December 2015	As at 31 December 2016	As at 30 September 2017
	HK$'000	*HK$'000*	*HK$'000*
Land parcel premium for grant of land use rights in the PRC	—	—	434,380

On 6 March 2017, the Macau Company and Zhuhai Land Bureau of the PRC entered into a land grant contract for the grant to the Macau Company of certain land in Hengqin New District, Zhuhai City, Guangdong Province, the PRC (the "Land") at the land parcel premium amounted to RMB370,000,000. The Land was granted by the PRC government which is designated for research and development (including residential ancillary) and commercial uses with a term of 50 years and 40 years respectively commencing from the date of hand-over of the Land. On 3 July 2017, the Macau Company, its subsidiary, Zhuhai Hengqin Fuchangsheng Real Estate Development Limited (the "PRC Company"), and Zuihai Land Bureau entered into the land use right transfer contract pursuant to which the Macau Company has agreed to transfer all its rights and obligations under the land grant contract to the PRC Company for nil consideration.

On 6 September 2017, the land parcel premium for the grant of the Land amounted to RMB370,000,000 (equivalent to approximately HK$434,380,000) was paid in full. In the opinion of the directors of the Macau Company, as the land parcel premium was fully paid by the Macau Group, there should be no legal impediment for the registration of the land title certificate of the Land in favour of the PRC Company. As at the date of this report, the registration of such title certificate is in progress.

Pursuant to the land grant contract, the Macau Group is obliged to give performance guarantee amounting to RMB37,000,000 to Zhuhai Land Bureau, by way either of payment in cash or bank guarantee, which should be given prior to the issue of Approval for Construction Land (建設用地批准書). Any penalty fees incurred as a result of the Macau Group failing to perform its obligation in accordance with the land grant contract will be deducted from the performance guarantee. The performance guarantee has been given by the Macau Group up to the date of this report but has not been recognised in the Historical Financial Information. The performance guarantee shall be refundable subject to the satisfaction of performance obligation of the Macau Group in respect of the development of the Land in accordance with the terms of the land grant contract.

14. AMOUNTS DUE FROM DIRECTORS

	As at 31 December 2015 *HK$'000*	**As at 31 December 2016** *HK$'000*	**As at 30 September 2017** *HK$'000*
Amounts due from the directors of the Company			
— Mr. Yu Shun Hui	485	485	—
— Mr. Un Chong San	486	486	—
	971	971	—

The amounts due from the directors are unsecured, non-interest bearing and repayable on demand.

Mr. Yu Shun Hui and Mr. Un Chong San are also the shareholders of the Macau Company during the Relevant Periods, except Mr. Yu Shun Hui ceased to be shareholder of the Macau Company with effect from 28 March 2017. The maximum outstanding balances for these directors for each of the Relevant Periods are as follows:

	Period from 5 October 2015 (date of incorporation) to 31 December 2015 *HK$'000*	**Year ended 31 December 2016** *HK$'000*	**Nine months ended 30 September 2017** *HK$'000*
Yu Shun Hui	485	485	485
Un Chong San	486	486	486

15. CASH AND CASH EQUIVALENTS

	As at 31 December 2015 *HK$'000*	As at 31 December 2016 *HK$'000*	As at 30 September 2017 *HK$'000*
Bank balances	—	—	12,744

The remittance of the bank balances, which are denominated in RMB, is subject to the foreign exchange control restrictions imposed by the government of the PRC.

16. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to Rich Source Property Holdings Limited, which is denominated in Hong Kong dollar, is unsecured, non-interest bearing and repayable on demand.

17. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder, Mr. Yu Shun Hui, which is denominated in Hong Kong dollar, is unsecured, non-interest bearing and repayable on demand.

18. AMOUNT DUE TO A RELATED PARTY

The amount due to Mr. Liu, a shareholder of the immediate holding company (Note 16), which is denominated in Hong Kong dollar, is unsecured, non-interest bearing and repayable on demand.

19. REGISTERED CAPITAL

	MOP'000	Equivalent to *HK$'000*
Registered and paid-up capital		
At the date of incorporation, 31 December 2015 and 2016 and 30 September 2017	1,000	971

The Macau Company was incorporated in Macau with limited liability on 5 October 2015. Upon incorporation, the Macau Company's registered capital amounted to MOP1,000,000 which was fully paid by the registered owners of the Macau Company.

20. CAPITAL RISK MANAGEMENT

The directors of the Macau Company manage its capital to ensure that the Macau Group will be able to continue as a going concern while maximising the return to its investor through the optimisation of debt and equity balance. The Macau Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Macau Group consists of registered capital and reserves.

The directors of the Macau Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Macau Group will balance its overall capital structure through capital contribution and raising of new debts.

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2015 *HK$'000*	As at 31 December 2016 *HK$'000*	As at 30 September 2017 *HK$'000*
Financial assets			
Loans and receivables			
Amounts due to directors	971	971	—
Cash and cash equivalents	—	—	12,744
	971	971	12,744
Financial liabilities			
Financial liabilities at amortised cost			
Accrued charges and payables	24	35	1,209
Amount due to immediate holding company	—	—	174,710
Amount due to a shareholder	—	—	122,709
Amount due to a related party	—	—	146,610
	24	35	445,238

Financial risk management objectives and policies

The Macau Group's financial instruments include amounts due from directors, cash and cash equivalents, accrued charges and payables, amounts due to immediate holding company, a shareholder and a related party. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments are set out below:

(a) Market risk

The Macau Group's activities expose primarily to the market risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The Macau Group has currency exposures as the amounts due to the immediate holding company, the shareholder and the related party are denominated in Hong Kong dollar which are not functional currency of the respective group entities. The Macau Group manages its currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Macau Group monitors the foreign currency exchange rates closely so as to minimise any potential material adverse effects from these exposure in a timely manner.

The following table demonstrates the sensitivity at the respective reporting dates to a reasonable possible change in the exchange rate of HK$ with all other variable held constant, of the Macau Group's loss/profit before tax.

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in loss/profit before tax**
	%	*HK$'000*
30 September 2017		
If HK$ weaken against RMB	(5)	22,201
If HK$ strengthens against RMB	5	(22,201)
31 December 2016		
If HK$ weaken against RMB	(5)	N/A
If HK$ strengthens against RMB	5	N/A
31 December 2015		
If HK$ weaken against RMB	(5)	N/A
If HK$ strengthens against RMB	5	N/A

Interest rate risk

The Macau Group has no significant interest-bearing assets and liabilities. Any change in interest rates in respect of the bank balances of the Macau Group is regarded insignificant as these bank balances are short-term in nature. Accordingly, no sensitivity analysis to interest rate risk is presented. The Macau Group has not used interest rate swaps to hedge its exposure to interest rate risk.

(b) Credit risk

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

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

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

(c) Liquidity risk

Liquidity risk mainly represents the risk that the Macau Group will not be able to meet its financial obligations. The Company has agreed, following the completion of the Acquisition to provide adequate funds to enable the Macau Group to meet in full its financial obligations as and when they fall due for the foreseeable future. Alternatively, the present shareholders of the Macau Company have agreed, in the event that the Acquisition is not successful, to provide adequate funds to enable the Macau Group to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Macau Company are of the view that the liquidity risk exposed to the Macau Group is not regarded significant.

The following tables detail the contractual maturities of the Macau Group for their non-derivative financial liabilities, which are based on undiscounted cash flows of financial liabilities based on the earliest date on which the Macau Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of reporting period.

In addition, the following tables detail the contractual maturities of the Macau Group for their non-derivative financial assets, which are based on undiscounted cash flows of financial assets based on the earliest date on which the Macau Group can be required to pay. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Macau Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015					
Non-derivative assets					
Amounts due from directors	971	—	—	971	971
Cash and cash equivalents	—	—	—	—	—
	971	—	—	971	971
Non-derivative liabilities					
Accrued charges and payables	24	—	—	24	24
Amount due to immediate holding company	—	—	—	—	—
Amount due to a shareholder	—	—	—	—	—
Amount due to a related party	—	—	—	—	—
	24	—	—	24	24

	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016					
Non-derivative assets					
Amounts due from directors	971	—	—	971	971
Cash and cash equivalents	—	—	—	—	—
	971	—	—	971	971
Non-derivative liabilities					
Accrued charges and payables	35	—	—	35	35
Amount due to immediate holding company	—	—	—	—	—
Amount due to a shareholder	—	—	—	—	—
Amount due to a related party	—	—	—	—	—
	35	—	—	35	35

	On demand	Less than 1 year	Over 1 year	Total undiscounted cash flow	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2017					
Non-derivative assets					
Amounts due from directors	—	—	—	—	—
Cash and cash equivalents	12,744	—	—	12,744	12,744
	12,744	—	—	12,744	12,744
Non-derivative liabilities					
Accrued charges and payables	1,209	—	—	1,209	1,209
Amount due to immediate holding company	174,710	—	—	174,710	174,710
Amount due to a shareholder	122,709	—	—	122,709	122,709
Amount due to a related party	146,610	—	—	146,610	146,610
	445,238	—	—	445,238	445,238

(d) Fair value

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 Macau Company consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost at the end of reporting periods approximate their fair values.

22. STATEMENTS OF FINANCIAL POSITION OF THE MACAU COMPANY

	As at 31 December 2015	As at 31 December 2016	As at 30 September 2017
	HK$'000	*HK$'000*	*HK$'000*
Non-current asset			
Investment in subsidiary	—	—	449,008
Current assets			
Amounts due from directors	971	971	—
Cash and cash equivalents	—	—	274
	971	971	274
Current liabilities			
Accrued charges	24	35	35
Amount due to immediate holding company	—	—	174,710
Amount due to a shareholder	—	—	122,709
Amount due to a related party	—	—	146,610
	24	35	444,064
Net current assets/(liabilities)	947	936	(443,790)
	947	936	5,218
Capital and reserve			
Registered capital	971	971	971
Reserves	(24)	(35)	4,247
	947	936	5,218

23. SUBSIDIARY

Details of the Macau Company's subsidiary are as follows:

Name of subsidiary	Place and date of establishment	Registered and paid in capital	Percentage of attributable equity interest held by the Macau Company: 31 December 2015	31 December 2016	30 September 2017	Principal activities
珠海横琴富昌盛實業發展有限公司 Zhuhai Hengqin Fuchangsheng Real Estate Development Limited (the "PRC Company") *(Note b)*	PRC 18 May 2017	Note a	—	—	100%	Development, sale, operation, leasing and management of properties

Notes:

(a) The registered capital of the PRC Company is RMB500,000,000 of which RMB382,460,000 was fully paid up to 30 September 2017.

(b) The entity is registered as a wholly-owned foreign enterprise in the PRC and its English name is for identification purpose only.

The Macau Company and its subsidiary adopt 31 December as their financial year end date.

As at the date of this report, no statutory financial statements have been prepared for the PRC Company since the date of its incorporation on 18 May 2017.

24. EVENTS AFTER THE RELEVANT PERIODS

In addition to those disclosed in other notes to the Historical Financial Statements, no significant events took place subsequent to the Relevant Periods.

25. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Macau Company and its subsidiary have been prepared in respect of any period subsequent to 30 September 2017.

BUSINESS OVERVIEW

The Target Company was incorporated in the British Virgin Islands with limited liability on 22 February 2017, and is an investment holding company holding 70% equity interests in the Macau Company. The Macau Company was established in Macau on 5 October 2015 with limited liability which is in turn the legal and beneficial owner of the entire registered capital of the PRC Company. The PRC Company was established in the PRC on 18 May 2017. The PRC Company is entitled to engage in the development, sale, operation, leasing and management of properties, as well as trading of furniture and construction materials, and enterprise management consultancy pursuant to its business licence. Set out below is the management discussion and analysis of the financial conditions and operating results of the Macau Company and its subsidiary (the "**Macau Group**") for each of the two financial years ended 31 December 2015 and 2016 and the Target Group for the nine months ended 30 September 2017, respectively.

FINANCIAL OVERVIEW

For the year ended 31 December 2015

The Macau Group did not record any revenue for the year ended 31 December 2015. After deducting administrative expenses of approximately HK$0.024 million, the Macau Group recorded a net loss of approximately HK$0.024 million for the year ended 31 December 2015.

For the year ended 31 December 2016

The Macau Group did not record any revenue for the year ended 31 December 2016. After deducting administrative expenses of approximately HK$0.011 million, the Macau Group recorded a net loss of approximately HK$0.011 million for the year ended 31 December 2016.

For the nine months ended 30 September 2017

The Target Group did not record any revenue for the nine months ended 30 September 2017. Other income and gains mainly derived from bank interest income and exchange gains of approximately HK$4.69 million during the nine months period ended 30 September 2017. After deducting administrative expenses of approximately HK$0.099 million, the Target Group recorded a net profit of approximately HK$4.59 million for the nine months ended 30 September 2017.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2015

As at 31 December 2015, the net assets and net current assets of the Macau Group both amounted to approximately HK$0.95 million. The current assets of the Macau Group mainly consisted of amounts due from directors of approximately HK$0.97 million. The current liabilities of the Macau Group were accrued charges and payables of HK$0.024 million. The debt-to-equity ratio of the Macau Group, as a ratio of total liabilities to total equity, was approximately 0.025 as at 31 December 2015. The liquidity ratio of the Macau Group, as a ratio of current assets to current liabilities, amounted to 40.42 as at 31 December 2015.

For the year ended 31 December 2016

As at 31 December 2016, the net assets and net currents assets of the Macau Group both amounted to approximately HK$0.94 million. The current assets of the Macau Group mainly consisted of amounts due from directors of approximately HK$0.97 million. The current liabilities of the Macau Group were accrued charges and payables of HK$0.035 million. The debt-to-equity ratio of the Macau Group, as a ratio of total liabilities to total equity, was approximately 0.037 as at 31 December 2016. The liquidity ratio of the Macau Group, as a ratio of current assets to current liabilities, amounted to 27.71 as at 31 December 2016.

For the nine months ended 30 September 2017

As at 30 September 2017, the net assets and net current liabilities of the Target Group amounted to approximately HK$33.30 million and approximately HK$404.36 million, respectively. The current assets of the Target Group comprised cash and cash equivalents of approximately HK$12.74 million. The current liabilities of the Target Group of approximately HK$417.10 million mainly consisted of amounts due to shareholders of approximately HK$293.22 million which were unsecured, non-interest bearing and repayable on demand including the shareholder's loan owed by the Target Company to Mr. Liu in the amount of HK$146.61 million, and amount due to non-controlling interests of approximately HK$122.71 million. The gearing ratio of the Target Group, as a ratio of total borrowings to total equity, was approximately 1,249.04% as at 30 September 2017. The liquidity ratio of the Target Group, as a ratio of current assets to current liabilities, amounted to 0.031 as at 30 September 2017.

SIGNIFICANT INVESTMENTS

There were no significant investments for the year ended 31 December 2015 and 2016.

On 6 March 2017, the Macau Company acquired the Land Parcel at the Land Parcel Premium of RMB370 million (equivalent to HK$434.38 million based on the approximate exchange rate of RMB1=HK$1.174). Save for the Land Parcel with carrying value of HK$434.38 million as at 30 September 2017, the Target Group had no other significant investment.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant acquisitions and disposal for the year ended 31 December 2015 and 2016.

On 6 March 2017, the Macau Company entered into the Land Grant Contract with Zhuhai Land Bureau to acquire the Land Parcel at the Land Parcel Premium of RMB370 million. On 3 July 2017, the Macau Company, the PRC Company and Zhuhai Land Bureau entered into the Land Use Right Transfer Contract pursuant to which the Macau Company has agreed to transfer all its rights and obligations under the Land Grant Contract to the PRC Company. Save as disclosed, the Target Group did not have any material acquisitions and disposals for the nine months ended 30 September 2017.

EMPLOYEES

No directors of the Macau Company received any fees or emoluments in respect of their services rendered to the Macau Group for the year ended 31 December 2015 and 2016, and no directors of the Target Company received any fees or emoluments in respect of their services rendered to the Target Group for the nine months ended 30 September 2017. No employees' emoluments were paid or payable by the Macau Group for the year ended 31 December 2015 and 2016, and no employees' emoluments were paid or payable by the Target Group for the nine months ended 30 September 2017.

CHARGES OF ASSETS

As at 31 December 2015 and 2016, the Macau Group had not pledged any of its assets for securing any loan, respectively. As at 30 September 2017, the Target Group had not pledged any of its assets for securing any loan.

CONTINGENT LIABILITIES

As at 31 December 2015 and 2016, the Macau Group had no material contingent liabilities, respectively. As at 30 September 2017, the Target Group had no material contingent liabilities.

FOREIGN CURRENCY EXPOSURE

The Macau Group has currency exposures as the amounts due to the immediate holding company, a shareholder and a related party are both denominated in HK$ which are not functional currency of the respective group entities. The Macau Group manages its currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Macau Group monitors the foreign currency exchange rates closely so as to minimise any potential material adverse effects from these exposure in a timely manner.

The Target Group has currency exposures as the amounts due to the non-controlling interests and the shareholders are both denominated in HK$ which are not functional currency of the respective group entities. The Target Group manages its currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Target Group monitors the foreign currency exchange rates closely so as to minimise any potential material adverse effects from these exposure in a timely manner.

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. Basis of preparation of the unaudited pro forma financial information of the Enlarged Group

In connection with the proposed acquisition by a wholly-owned subsidiary of the Company of 50% equity interest in Rich Source Property Holdings Limited (the "Target Company") (the "Sale Shares") and loan made by Mr. Liu Shiyuan to the Target Company (the "Sale Loan") (together the "Acquisition"), the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, comprising the Company and its subsidiaries (together the "Group") and the Target Company, has been prepared to illustrate the effect of the Acquisition on the Group's financial position as at 30 June 2017 as if the Acquisition had taken place on 30 June 2017.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared based on (i) the information on the unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2017 which has been extracted from the published interim report of the Group for the six months ended 30 June 2017; and (ii) the information on the audited consolidated statement of assets and liabilities of the Target Group as at 30 September 2017, which has been extracted from the accountants' report set out in Appendix II to this circular.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group has been prepared by the directors of the Company 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 is solely for the purpose to illustrate the assets and liabilities of the Enlarged Group as if the Acquisition had taken place on 30 June 2017.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described below in the accompanying notes that are (i) directly attributable to the Acquisition; and (ii) factually supportable.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group has been prepared by the directors of the Company based on certain assumptions and estimates and for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Enlarged Group had the Acquisition been completed as at 30 June 2017 or at any future dates.

B. Unaudited pro forma financial information of the Enlarged Group

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group as at 30 June 2017

	The Group as at 30 June 2017	The Target Group as at 30 September 2017	Pro forma adjustments				Unaudited pro forma of the Enlarged Group
			Consideration for the acquisitions	Elimination of investment costs	Elimination of current accounts	Cost of acquisition	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)					
	(Note 1)	(Note 1)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
Non-current assets							
Property, plant and equipment	430,835	—					430,835
Prepaid land lease payments	57,897	—					57,897
Licensing rights	26,867	—					26,867
Pledged bank balances	1,018	—					1,018
Land for development	—	434,380		31,308			465,688
Prepayments for land development	—	3,278					3,278
Investment in subsidiaries	—	—	56,780	(56,780)			—
Deferred tax assets	11,617	—					11,617
	528,234	437,658					997,200
Current assets							
Properties held for sale under development	65,697	—					65,697
Properties held for sale	6,469	—					6,469
Financial assets at fair value through profit and loss	(1,642)	—					(1,642)
Inventories	55	—					55
Trade receivables	53	—					53
Loan receivable	—	—					—
Amount due from subsidiary	—	—	293,220		(293,220)		—
Prepayments, deposits and other receivables	16,443	—					16,443
Cash and cash equivalents	53,898	12,744				(795)	65,847
	140,973	12,744					152,922
Current liabilities							
Trade payables, other payables and accruals	15,579	1,174	190,000				206,753
Amount due to non-controlling interests	—	122,709					122,709
Amounts due to shareholders	—	293,220			(293,220)		—
Loans and borrowings — due within one year	83,421	—					83,421
	99,000	417,103					412,883
Non-current liabilities							
Notes payable	—	—	160,000				160,000
Deferred tax liabilities	34,250	—		7,827			42,077
	34,250	—					202,077
Net assets	535,957	33,299					535,162

C. Notes to the unaudited pro forma financial information

1. The assets and liabilities of the Group as at 30 June 2017 are extracted from the Group's unaudited consolidated statement of financial position at 30 June 2017 set out in the published interim report of the Company for the six months ended 30 June 2017. The assets and liabilities of the Target Group as at 30 September 2017 are extracted from the Accountants' Report as set out in Appendix II in this circular.

2. On 11 August 2017, a wholly-owned subsidiary of the Company, New Stage, entered into the Subscription Agreement with the Target Company and Mr. Liu Shiyuan, a former controlling shareholder of the Target Company. Pursuant to the Subscription Agreement, on 31 August 2017, New Stage acquired 50% equity interest in the Target Company by (i) subscription of the Target Company's new shares for a consideration of HK$28.39 million and (ii) made shareholder loan to the Target Company amounted to HK$146.61 million.

   On 30 October 2017, 14 November 2017 and 13 December 2017, New Stage entered into the Initial Sale and Purchase Agreement the First Supplemental Agreement and the Second Supplemental Agreement respectively with Mr. Liu pursuant to which New Stage has conditionally agreed to acquire from Mr. Liu (i) the Sale Shares (representing the remaining 50% equity interest in the Target Company not held by New Stage) and (ii) the Sale Loan for the aggregate consideration of HK$175 million (subject to adjustment), to be satisfied by (i) payment in cash of HK$15 million and (ii) issue of transferrable but non-convertible 3-year 12% coupon notes in the aggregate principal amounted of HK$160 million (subject to adjustment) (the "Consideration Note") to be issued by New Stage.

   The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group has been prepared as if completion of the acquisitions of the entire equity interest in and shareholder's loan made to the Target Company under the Subscription Agreement and the Sale and Purchase Agreement had taken place on 30 June 2017. The aggregate consideration paid and payable by the Group for the acquisitions pursuant to the Subscription Agreement and the Sale and Purchase Agreement is calculated as follows:

	HK$'000
Consideration paid by the Group for the acquisition under the Subscription Agreement	
— 50% equity interest in the Target Company	28,390
— Shareholder's loan made to the Target Company	146,610
	175,000
Consideration payable for the Acquisition of the Sale Shares and the Sale Loan	175,000
Total consideration paid and payable by the Group	350,000

3. Following the completion of the Acquisition, the Target Company will be regarded a subsidiary of the Company.

(i) **Cost of the Group's investment in the Target Company**

	HK$'000
Cash paid by the Group for subscription of new shares of the Target Company pursuant to the Subscription Agreement	28,390
Consideration for the acquisition of the Sale Shares and the Sale Loan pursuant to the Initial Sale and Purchase Agreement, the First Supplemental Agreement and the Second Supplemental Agreement	
Cash	15,000
Consideration Notes payable	160,000
	175,000
Less: Sale Loan as at 30 September 2017	(146,610)
Consideration for the acquisition of Sale Shares	28,390
Cost of investment in the Target Company	56,780

(ii) **Amount due by the Target Company to the Group**

	HK$'000
Shareholder's loan made by the Group to the Target Company pursuant to the Subscription Agreement	146,610
Sale Loan as at 30 September 2017	146,610
Amount due by the Target Company	293,220

(iii) **Cash consideration paid and payable by New Stage under the Subscription Agreement, the Initial Sale and Purchase Agreement, the First Supplemental Agreement and the Second Supplemental Agreement**

	HK$'000
Cash consideration paid under the Subscription Agreement	175,000
Cash consideration payable under the Initial Sale and Purchase Agreement, the First Supplemental Agreement and the Second Supplemental Agreement	15,000
Total cash consideration	190,000

As the aggregate cash consideration amounted to HK$190 million is in excess of the cash and cash equivalents of the Group as at 30 June 2017, the consideration is included in other payables of the Group for the purpose of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group.

On 31 August 2017, the Company issued 1,100,000,000 new shares at an issue price of HK$0.185 per share, which gave rise to the net cash proceeds of HK$198.2 million. The proceeds to the extent of HK$175 million were applied by the Group for the settlement of the consideration for the acquisition of 50% equity interest in and shareholder's loan made to the Target Company under the Subscription Agreement. Details of the issue of new shares of the Company are set out in the Company's announcements dated 14 August 2017 and 31 August 2017.

(iv) **Notes payable**

For the purpose of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the Directors have estimated the fair value of the Consideration Notes payable as at 30 June 2017 to be HK$160,000,000. The fair value of the Consideration Notes at the date of Completion of the Acquisition will have to be determined by the Directors and the respective fair value may be different from the estimated amount as shown above.

4. The Target Company will be a subsidiary of the Company following the completion of the Acquisition. The principal asset of the Target Group is the land in the PRC held for development. No business was undertaken by the Target Group from its date of establishment of the Target Company to the date of the Circular. Accordingly, the acquisition of the Sale Shares and the Sale Loan is accounted for by the Group as acquisition of assets. The difference between the cost of investment in the Target Company and the net assets of the Target Group being acquired is adjusted to increase the carrying amount of the land held by the Target Group, calculated as follows:

	HK$'000
Cost of investment in the Target Company	56,780
Less: Net assets of the Target Group being acquired	(33,299)
Add: Deferred tax effect on the excess of carrying amount of the land recognised by the Group and that by the Target Group	7,827
Difference adjusted to carrying amount of the land	31,308

Deferred tax is calculated at the tax rate of 25% on the excess of carrying amount of the land for development recognised by the Enlarged Group and that by the Target Group, amounting to HK$31,308,000.

The Directors have determined that the fair value of other assets and liabilities of the Target Group approximate their respective carrying amounts.

As referred to in Note 3 above, following the completion of the Acquisition, the carrying amount of the investment in the Target Company may have to be adjusted as a result of the adjustment to the fair values of the Sale Loan and the Consideration Notes.

5. The adjustment represents the elimination of the balances between the Group and the Target Group.

6. The adjustment represents the recognition of the acquisition costs amounting to approximately HK$795,000 as estimated by the Directors.

7. No other adjustments have been made to reflect any trading results or other transactions of the Group and of the Target Group subsequent to 30 June 2017.

II. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, received from the Company's reporting accountants, CCTH CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Enlarged Group's pro forma financial information for the purpose of this circular.

CCTH CPA LIMITED
中正天恆會計師有限公司

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

To the Directors of Ceneric (Holdings) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ceneric (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2017 and related notes as set out on pages IV-1 to IV-6 of Appendix IV of the circular issued by the Company dated 22 December 2017 2017 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 in Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 50% equity interest in and loan made by Mr. Liu Shiyuan to Rich Source Property Holdings Limited (the "Acquisition") on the Group's financial position as at 30 June 2017 as if the Acquisition had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited consolidated statement of financial position at 30 June 2017 set out in the Company's published interim report for the six months ended 30 June 2017.

Directors' Responsibilities for the Unaudited Pro forma Financial Information

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

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" 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 Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have complied the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong

Lee Tak Fai, Thomas
Practising Certificate Number P06077

22 December 2017

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with its opinion of value of the Property as at 31 October 2017.

B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

22nd Floor, China Overseas Building
No. 139 Hennessy Road, Wanchai, Hong Kong
Tel: (852) 2127 7762 Fax: (852) 2137 9876
Email: info@biappraisals.com
Website: www.biappraisals.com

22 December 2017

The Board of Directors
Ceneric (Holdings) Limited
Unit 3103, 31st Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong

Dear Sirs,

Re: A parcel of land designated as 珠橫國土儲2016-04號 (Zhu Heng Guo Tu Chu No. 2016-04) in Hengqin New District, Zhuhai City, Guangdong Province, The People's Republic of China

In accordance with the instructions from Ceneric (Holdings) Limited (hereinafter referred to as the ''Company'') for us to value the captioned property (hereinafter referred to as the ''Property'') which is held by the Company and/or its subsidiaries (hereinafter referred to as the ''Group'') in the People's Republic of China (''PRC''), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 October 2017 (hereinafter referred to as the ''Date of Valuation'').

It is our understanding that this valuation document is to be used by the Company for disclosure purpose in relation to a proposed acquisition (hereinafter referred to as the ''Proposed Acquisition''). We further understand that our report is to be incorporated in a circular to be issued by the Company in relation to the Proposed Acquisition.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

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

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2012 Edition issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In valuing the Property, which is a parcel of land pending for development, we have adopted the Direct Comparison Method assuming it is capable of being sold in existing state with immediate vacant possession and making reference to comparable sales evidence as available from the relevant market.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements, or any similar arrangements that would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in our valuation.

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

We have assumed that the Property will be constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that all consents, approvals, required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

TITLE INVESTIGATION

We have been provided by the Company with copies of title documents and a legal opinion dated 22 December 2017 prepared by 廣東香山律師事務所 (Xiang Shan Law Firm), the Company's legal advisor on the PRC law (hereinafter referred to as the "PRC Legal Advisor"), regarding the title to and the interest in the Property. We have not inspected the original of the title documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents and leases have been used for reference only.

In the course of our valuation, we have relied on the advice given by the Company and the legal opinion of the PRC Legal Advisor regarding the title to and the interest in the Property. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the Property that is assumed to be good and marketable.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the Property on 20 November 2017. In the course of our inspection, we did not note any serious defects. No structural surveys have been made nor have any tests been carried out on any of the building services provided in the Property. Therefore, we are not able to report whether the Property are free of rot, infestation or any other structural defects.

We have not carried out any on-site measurements to verify the correctness of the site and floor areas of the Property but have assumed that the areas shown on the documents provided to us are correct. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

We have relied to a considerable extent on the information provided by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property have been erected, occupied and used in accordance with such consents.

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

Our valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

This report and each part of it is prepared and intended for the exclusive use of the Company for the purpose hereinbefore stated. In accepting this report, the Company expressly agrees not to use or rely upon this report or any part of it for any other purpose without obtaining our prior written consent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in the valuation certificate attached are in Renminbi (RMB).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Group, the Property or the value reported herein.

Our valuation certificate is attached herewith.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED

William C. K. Sham
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
MRICS, MHKIS, MCIREA
Executive Director

Notes:

(1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 35 years' experience in the valuation of properties in Hong Kong and has over 20 years' experience in the valuation of properties in the PRC and the Asia Pacific region.

(2) The Property was inspected by Mr. Ken W. C. Tsang, the Assistant Manager, on 20 November 2017. Mr. Tsang obtained the Degree of Associate of Science in Facilities Management from City University of Hong Kong in 2007 and has more than 13 years' experience in the inspection and valuation of properties in Hong Kong and the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2017
A parcel of land designated as 珠橫國土儲2016-04號 (Zhu Heng Guo Tu Chu No. 2016-04) in Hengqin New District, Zhuhai City, Guangdong Province, the PRC	The Property comprises a parcel of land with a site area of approximately 60,339.83 sq.m. situated on the southern side of Gang Ao Avenue at its junction with Tian Yu Road, bounded by He Shun Street on the east and Hao Jiang Road on the south, within Hengqin New District, Zhuhai City, Guangdong Province. The Property is permitted to be developed into a complex for research/development (including living ancillary facilities) (科教研發（含生活配套）) and office uses with a total gross floor area of 100,000 sq.m. *(See Note 1 below).* The land use rights of the Property have been granted for a term of 50 years for research/development uses and 40 years for business/finance uses, both commencing from the date of handing-over of the land parcel.	The Property is vacant, pending for detailed planning.	RMB450,000,000 35% interest attributable to the Group: RMB157,500,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Construction Land Use Rights (國有建設用地使用權出讓合同, Contract No.: 440401-2017-000006, hereinafter referred to as the "Land Grant Contract") dated 6 March 2017 entered into between 珠海市國土資源局 (Zhuhai Municipal Land Resources Bureau, hereinafter referred to as "Zhuhai Land Bureau") and 橫琴德國城投資(澳門)有限公司 (Hengqin Germany City Investment (Macau) Limited, hereinafter referred to as "Germany City"), the land use rights of the Property have been agreed to be granted to Germany City. Major conditions of the Land Grant Contract are summarized as follows:

(a)	Lot no.	:	Zhu Heng Guo Tu Chu No. 2016-04;
(b)	Site area of the lot	:	60,339.83 sq.m.;
(c)	Permitted use	:	Research/development (including living ancillary facilities) uses and business/finance uses
(d)	Term of land use rights	:	50 years (research and development uses) and 40 years (business/finance uses) commencing from the date of handing-over of the land parcel;
(e)	Land grant premium	:	RMB370,000,000;
(f)	Payment term	:	1st payment of RMB185,000,000 shall be paid before 6 April 2017; 2nd payment of RMB185,000,000 shall be paid before 6 September 2017;
(g)	Nature of main building(s)	:	Research/development (including living ancillary facilities) and office uses;
(h)	Height of building	:	Not more than 100 metres

(i)	Site coverage	:	Not greater than 40% for podium and not greater than 30% for building tower(s);
(j)	Green land ratio	:	Not less than 30%;
(k)	Total plot ratio gross floor area	:	Not more than 100,000 sq.m., of which the gross floor area for research & development uses (including not more than 10,000 sq.m. for ancillary commercial/catering/staff quarters uses) shall not be less than 50,000 sq.m. and that for office use shall not be more than 50,000 sq.m.;
(l)	Construction period	:	Construction shall commence on or before 6 March 2018 and shall be completed on or before 6 March 2022.
(m)	Alienation clause	:	All floor areas for research & development uses are subject to a restriction on disposal for a term of 10 years from the date of completion. After the lapse of the restricted period, the research & development portions may be disposed of on individual blocks basis.

(2) Pursuant to the Amendment Contract for Grant of State-owned Construction Land Use Rights (國有建設用地使用權出讓變更合同, Contract No.: 變更440401-2017-000006) dated 3 July 2017 entered into amongst Zhuhai Land Bureau, Germany City and 珠海橫琴富昌盛實業發展有限公司 (Zhuhai Hengqin Fuchangsheng Real Estate Development Limited, hereinafter referred to as "Fuchangsheng"), it was agreed that all rights and obligations of Germany City under the Land Grant Contract were transferred to Fuchangsheng.

(3) Pursuant to the Supervision Agreement on Construction and Use of Land Parcel Zhu Heng Guo Tu Chu No. 2016–04 (珠橫國土儲2016–04號地塊建設和使用監管協議書) dated 6 March 2017 entered into between 珠海市橫琴新區管理委員會 (Zhuhai Municipal Hengqin New District Administrative Commission) and Germany City, the investment and development of the proposed project at the Property is subject to the following conditions:

(a) To enter into an agreement on or before 1 June 2017 with an enterprise, which is one of the World Top 100 Enterprises, engaging in electronic and electrical engineering or other high-end industries, to set up a centre for its "Industry 4.0" research & development, training and promotion in the proposed project.

(b) To enter into an agreement on or before 1 May 2017 with one of the 10 international high-end brand auto sales companies to set up a showroom and sales centre in the proposed project.

(c) To enter into an agreement on or before 1 May 2017 with one of the 5 famous conference and exhibition companies to set up an office at the proposed project.

(d) To incorporate a wholly owned subsidiary in Hengqin New District for the development and operation of the proposed project.

(e) The total investment of the proposed project shall not be less than RMB1,500,000,000.

(4) We have been advised by the Company that, as at the Latest Practicable Date, respective memorandums of understanding and/or letters of intent had been entered into with and/or obtained from qualified parties to take up the spaces of the proposed project in respect of the conditions (a) to (c) in Note 3 above, and that Fuchangsheng, which was a wholly owned subsidiary of German City, was incorporated in the PRC in May 2017 to take up the development and operation of the proposed project in respect of the condition stated in Note (3)(d). Besides, in respect of the condition stated in Note (3)(e) above, the total land and development cost on the proposed project has been estimated by Fuchangsheng to be approximately RMB1.5 billion.

(5) Pursuant to Construction Land Use Planning Permit (建設用地規劃許可證) No. Zhu Heng Xin Gui Tu (Di Gui) [2017] 25, issued by 珠海市橫琴新區管委會規劃國土局 (Planning, Land and Resources Bureau of Zhuhai City Hengqin New District Administrative Committee) on 31 July 2017, the land use planning of the Property is in compliance with the relevant planning requirements.

(6) The Property was valued at RMB450,000,000 as at 11 August 2017 by B.I. Appraisals Limited on the basis of market value using the Direct Comparison Method and in accordance with The HKIS Valuation Standards 2012 Edition and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

(7) The opinion of the PRC Legal Advisor is summarized as follows:

(a) Fuchangsheng is a company duly formed and validly existing under the laws of the PRC.

(b) Fuchangsheng is currently not in possession of the qualification for operation in the real estate development business. Hence, upon obtaining the land use rights certificate of the subject land parcel, Fuchangsheng should apply for such qualification.

(c) The subject land parcel and its ownership are not involved any seizure, sequestration, sale or other entanglements or disputes, nor are they subject to any harsh or unusual contracts, terms and conditions. Fuchangsheng is in possession of a proper legal title to the 100% rights and interest of the subject land parcel.

(d) The land grant premium has been settled in full. Besides, Fuchangsheng has completed the procedure for settling the required earnest money of RMB37,000,000. Fuchangsheng is waiting for the issue of 建設用地批准書 (Approval Letter on Construction Land) from Zhuhai Municipal Hengqin New District Administrative Commission. Upon obtaining the Approval Letter on Construction Land, Fuchangsheng can apply for the land use rights certificate.

(e) According to the notice in the website of the relevant authority, the Approval Letter on Construction Land will be issued within 20 working days after application has been filed. According to Article 20 of 《不動產登記暫行條例》(Real Estate Registration Provisional Regulations), the real estate registration authority shall complete the registration procedure within 30 working days from the date of accepting the application, except as otherwise stipulated in the law. Hence, the management of Fuchangsheng expects to obtain the Approval Letter on Construction Land in about 20 working days from 28 November 2017 and to obtain the ownership certificate for the land use rights of the Property within 30 working days upon the issue of the Approval Letter on Construction Land.

(f) There will not be any legal obstacle for Fuchangsheng to apply for the issue of ownership certificate for the land use rights of the Property.

(g) Having obtained ownership certificate for the land use rights of the Property, Fuchangsheng is entitled to dispose of and to develop the subject land parcel.

(8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

Contract for Grant of State-owned Construction Land Use Rights	Signed
Amendment Contract for Grant of State-owned Construction Land Use Rights	Signed
Agreement on Supervision of Construction and Use of Land	Signed
Construction Land Use Planning Permit	Obtained
Certificate of Real Estate Ownership	Not obtained
Construction Works Planning Permit	Not obtained

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

2.1. Interests and short positions of the Directors and the chief executive of the Company

Set out below are the interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of each Director and chief executive of the Company as at the Latest Practicable Date which (i) were required, pursuant to Divisions 7 and 8 or Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO), to be notified to the Company and the Stock Exchange; (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers, to be notified to the Company and the Stock Exchange.

(i) Interests in the Company

Long position in the Shares:

Name	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding**
Mr. Yang Lijun	Interest of controlled corporation	4,150,195,152 *(Note)*	61.20%
	Beneficial owner	2,872,000	0.04%

Note: As at the Latest Practicable Date, the Shares were held by All Great International Holdings Limited ("**All Great**"), which was owned as to 51% by Jade Leader International Investment Limited ("**Jade Leader**"), 35% by Honor Huge Investment Holdings Limited ("**Honor Huge**") and 14% by Ever Star International Investment Limited. As at the Latest Practicable Date, Mr. Yang Lijun was the sole beneficial owner of Jade Leader and Honor Huge and hence, was deemed to be interested in the 4,150,195,152 Shares held by All Great under the SFO. Mr. Yang Lijun is a director of All Great, Honor Huge and Jade Leader.

(ii) Interests in associated corporations

Name	Name of associated corporation	Capacity/Nature of associated corporation	No. of shares held	Approximate percentage of shareholder
Mr. Yang Lijun	All Great International Holdings Limited	Interest in controlled corporation *(Note)*	43,000	86%
	Jade Leader International Investment Limited	beneficial owner	50,000	100%

Note: As at the Latest Practicable Date, All Great was owned as to 51% by Jade Leader, 35% by Honor Huge and 14% by Ever Star International Investment Limited. Mr. Yang Lijun is the sole beneficial owner of Jade Leader and Honor Huge. Mr. Yang Lijun is a director of All Great, Honor Huge and Jade Leader. Hence, Mr. Yang Lijun was deemed to be interested in the shares of All Great held by Jade Leader and Honor Huge.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers as contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

2.2. Interests and short positions of persons holding 5% or more interests

Set out below are interests or short positions in the Shares or underlying Shares held by any person (other than a Director or chief executive of the Company) as at the Latest Practicable Date which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Enlarged Group or held any options in respect of such securities.

Long positions in the Shares:

Name	Nature of interest	Number of shares or amount of registered capital	Name of company in which shares are held	Approximate percentage of shareholding
All Great International Holdings Limited	Beneficial owner	4,150,195,152 *(Note 1)*	The Company	61.20%
Honor Huge Investment Holdings Limited	Interest of controlled corporation	4,150,195,152 *(Note 1)*	The Company	61.20%
Jade Leader International Investment Limited	Interest of controlled corporation	4,150,195,152 *(Note 1)*	The Company	61.20%
Lin Rujie	Interests of spouse	4,153,067,152 *(Note 2)*	The Company	61.24%
New Stage	Beneficial owner	50,000	The Target Company	50%
Mr. Liu	Beneficial owner	50,000	The Target Company	50%
The Target Company	Beneficial owner	MOP700,000	The Macau Company	70%
Un Chong San	Beneficial owner	MOP700,000	The Macau Company	30%
The Macau Company	Beneficial owner	RMB382.46 million	The PRC Company	100%

Notes:

(1) As at the Latest Practicable Date, 4,150,195,152 Shares were held by All Great International Holdings Limited, which was owned as to 51% by Jade Leader International Investment Limited, 35% by Honor Huge Investment Holdings Limited and 14% by Ever Star International Investment Limited. Accordingly, Honor Huge Investment Holdings Limited and Jade Leader Investment Limited were deemed to have interests in 4,150,195,152 Shares by virtue of their equity interests in All Great International Holdings Limited.

(2) Ms. Lin Rujie is the spouse of Mr. Yang Lijun.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director and chief executive of the Company) had or was deemed or taken to have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Enlarged Group or any options in respect of such securities.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation.

4. INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

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

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates was considered to have an interest in any business that competes or may compete, either directly or indirectly, with the business of the Enlarged Group.

6. LITIGATIONS

On 14 March 2017, Born King Investment Holdings Limited ("**Born King**") and 茂名市華盈酒店物業管理有限公司 (Maoming City Hua Ying Hotel Real Estate Management Company Limited* ("**Hua Ying**"), both being the indirect wholly-owned subsidiaries of the Company, issued writs of summons with an endorsement of claim against Regal Honor Group Limited and 茂名市中譽酒店物業管理有限公司 (Maoming Zhong Yu Hotel Property Management Limited*) respectively in relation to the claims of the aggregated sum of approximately RMB75.9 million as damages suffered by them as a result of the breach of the hotel operating rights agreement. Further details on the litigations are set out in the announcement of the Company dated 15 March 2017. Further announcement(s) will be made by the Company on any significant developments of the abovementioned proceedings as and when appropriate.

Save as disclosed above, to the best knowledge of the Directors, the Directors were not aware of any litigations or claims of material importance pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

7. MATERIAL CONTRACTS

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

(i) the disposal agreement dated 27 September 2016 entered into by Orient Elite Global Limited ("**Orient Elite**"), a direct wholly-owned subsidiary of the Company, and Brilliant Deal Investments Limited ("**Brilliant Deal**") and Ceneric Asia Limited ("**Ceneric Asia**") in relation to the disposal of 90% of the issued share capital of Ceneric Asia and the shareholder's loan at a total consideration of HK$26,100,000;

(ii) the RMB escrow deposit agreement dated 20 February 2017 entered into by the Macau Company, 珠海市公共資源交易中心 (Zhuhai City Public Resource Exchange Center*) and the Bank of China Hengqin Free Trade Zone Branch in relation to the escrow arrangement of the deposit of RMB185 million paid by the Macau Company for entering into the bid for the Land Parcel;

(iii) the confirmation letter dated 1 March 2017 signed by the Macau Company and the 珠海市公共資源交易中心 (Zhuhai City Public Resource Exchange Center*) signifying the success of the Macau Company in bidding the Land Parcel and the relevant bidding price;

(iv) the Land Grant Contract;

(v) the construction and land use monitoring agreement in respect of the Land Parcel dated 6 March 2017 entered into by the Macau Company and Hengqin New District Management Committee in relation to the development plan of the Land Parcel;

(vi) the new hotel operating rights agreements dated 15 March 2017 signed and executed between (i) Born King and Cheery Concept Holdings Limited ("**Cheery Concept**"); and (ii) Hua Ying and 茂名新家園投資發展有限公司 (Maoming Xinjiayuan Investment Development Limited* ("**Xinjiayuan**")) respectively, pursuant to which, Born King and Hua Ying had granted the rights to operate and manage the hotel to Cheery Concept and Xinjiayuan respectively, with effect from 15 March 2017 to 8 June 2026 for consideration of aggregate fixed monthly fee of RMB1 million plus a royalty fee calculated on the basis of 10% of the net profit generated by the hotel;

(vii) the Macau Company shareholders' agreement dated 28 March 2017 entered into by the Target Company and Mr. Un Chong San for the regulation of their respective rights and obligations in the Macau Company;

(viii) the disposal agreement dated 8 June 2017 entered into by Brilliant Deal, Excel Ally Ventures Limited, Orient Elite and Ceneric Asia in relation to the disposal of 10% of the issued share capital of Ceneric Asia at a consideration of HK$3,190,000;

(ix) the Land Use Right Transfer Contract;

(x) the Subscription Agreement;

(xi) the placing agreement dated 14 August 2017 entered into between Kingston Securities Limited and the Company pursuant to which Kingston Securities Limited had conditionally agreed to place, on a best effort basis, up to 1,100,000,000 new Shares to the placees at a placing commission of 2.5% of the amount which is equal to the placing price multiplied by the number of placing shares actually placed, the gross and net proceeds of which amounted to HK$203.5 million and approximately HK$198.2 million respectively;

(xii) the shareholders' agreement dated 31 August 2017 entered into by the Target Company, New Stage and Mr. Liu for the regulation of the respective rights and obligations of New Stage and Mr. Liu in the Target Company;

(xiii) the Initial Sale and Purchase Agreement;

(xiv) the First Supplemental Agreement; and

(xv) the Second Supplemental Agreement.

8. EXPERTS AND CONSENTS

Set out below are the qualifications of the experts who have given their opinions and advices included in this circular:

Name	Qualifications
CCTH CPA Limited	Certified Public Accountants
B.I. Appraisals Limited	An independent valuer
Xiang Shan Law Firm	PRC legal adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, letter and references to its name and logo in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group and did not have any right, either legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets, which have been since 31 December 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

(i) The registered office of the Company is The Offices of Sterling Trust (Cayman) Limited at Whitehall House, 238 North Church Street, George Town, Grand Cayman, Cayman Islands. The Company's head office and principal place of business in Hong Kong is at Unit 3103, 31st Floor, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.

(ii) The company secretary of the Company is Mr. Woo Chung Ping. Mr. Woo is an associate member of both The Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries.

(iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours (from 10:00 a.m. to 5:00 a.m.) on any weekday (except Saturdays, Sundays and public holidays) at the Company's head office and principal place of business in Hong Kong at Unit 3103, 31st Floor, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong; and (ii) on the website of the Company (http://www.cenericholdings.com) for a period of 14 days from the date of this circular:

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

(ii) the annual reports of the Company for the two years ended 31 December 2015 and 2016;

(iii) the letter from the Board, the text of which is set out on pages 6 to 17 of this circular;

(iv) the accountant's report of the Target Group, the text of which is set out in Appendix II to this circular;

(v) 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;

(vi) the valuation report of the Property, the text of which is set out in Appendix V to this circular;

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

(viii) the written consents from the experts as referred to under the section headed "Experts and Consents" in this appendix; and

(ix) this circular.