THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Symphony Holdings Limited.

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

SYMPHONY

SYMPHONY HOLDINGS LIMITED

新灃集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 01223)

MAJOR AND CONNECTED TRANSACTIONS (1) ACQUISITION OF ENTIRE EQUITY INTEREST IN TRILLION EARNING LIMITED AND (2) DISPOSAL OF 42% INTEREST IN GIANT EAGLE ENTERPRISES LIMITED

Financial Adviser to Symphony Holdings Limited

OPTIMA CAPITAL

Optima Capital Limited

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

Hercules

Hercules Capital Limited

Capitalised terms used on this cover have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on page 19 of this circular. A letter from Hercules containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 47 of this circular. A notice convening the SGM to be held at 10:00 a.m. on Thursday, 11 September 2014 at the Boardroom on the 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

* *For identification purposes only*

25 August 2014

CONTENTS

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

"Acquisition"	the proposed acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the Agreement
"Agreement"	the conditional sale and purchase agreement dated 2 July 2014 (supplemented by an addendum on 6 August 2014) entered into between the Purchaser and the Vendor in relation to the Acquisition
"associate(s)"	the meaning ascribed to it under the Listing Rules
"Beijing Properties"	certain units within the building known as "Junefield Plaza" which is a 21-storey commercial office building situated at 10th Building, No. 6, 8, 10, 12, 16, 18 Xuanwumen Outer Street, Xuanwu District, Beijing, the PRC held by the Trillion Earning Group
"Board"	the board of Directors
"Business Day"	a day (excluding Saturdays, Sundays and public holidays) on which banks generally are open in Hong Kong for the transaction of normal banking business
"BVI"	the British Virgin Islands
"Company"	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 01223)
"Completion"	completion of the Acquisition and the Disposal under the Agreement
"Completion Accounts"	the unaudited consolidated management accounts of the Trillion Earning Group to be made up to the date of Completion
"Consideration"	the consideration payable for the Acquisition
"Consideration Shares"	260,260,000 new Shares to be issued as part of the Consideration
"Director(s)"	director(s) of the Company

"Disposal"	the transfer of the Giant Eagle Shares and the Giant Eagle Loans as part of the Consideration
"Enlarged Group"	the Group and the Trillion Earning Group
"Giant Eagle"	Giant Eagle Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Purchaser as at the date of the Agreement
"Giant Eagle Group"	Giant Eagle and its subsidiaries
"Giant Eagle Loans"	42% of all the amounts owed by the Giant Eagle Group to the Purchaser
"Giant Eagle Shares"	42 issued shares of US$1 each in the capital of Giant Eagle to be transferred to the Vendor as part of the Consideration
"Group"	the Company and its subsidiaries
"Hercules"	Hercules Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors established for the purpose of giving a recommendation to the Independent Shareholders on voting as regards the Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than Mr. Cheng and his associates
"Latest Practicable Date"	21 August 2014, 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
"Mr. Cheng"	Mr. Cheng Tun Nei, a substantial Shareholder
"Net Revenue"	the rental revenue of the Beijing Properties less all taxes thereon and all agency fees in respect thereof
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"Prudential"	Prudential Surveyors (Hong Kong) Limited, an independent professional valuer
"Purchaser"	Cosmo Group Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"Sale Share"	1 ordinary share of US$1 in the capital of Trillion Earning, representing the entire issued share capital of Trillion Earning as at the date of the Agreement and at Completion
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and approve the Agreement and the transactions contemplated thereunder
"Shareholder(s)"	holder(s) of the Share(s)
"Shares"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shenyang Properties"	three parcels of land situated north of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC held by the Giant Eagle Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trillion Earning"	Trillion Earning Limited, a company incorporated in the BVI with limited liability

"Trillion Earning Group"	Trillion Earning and its subsidiary
"Vendor"	GoldSilk Capital Limited, a company incorporated in the BVI with limited liability, which is wholly and beneficially owned by Mr. Cheng
"Worldwide Properties"	Worldwide Properties Limited 華聯置業有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Trillion Earning
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq. m."	square metre(s)
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

For illustration purposes in this circular, the amounts in RMB are translated into HK$ at the rate of RMB1.00 = HK$1.25. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

SYMPHONY HOLDINGS LIMITED
新灃集團有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 01223)

Executive Directors:
Mr. Chan Ting Chuen *(Chairman)*
Mr. Sze Sun Sun Tony
(Deputy Chairman & Managing Director)
Ms. Chen Fang Mei
Mr. Chan Kar Lee Gary

Non-executive Director:
Mr. Liu George Hong-chih

Independent non-executive Directors:
Mr. Cheng Kar Shing
Mr. Ho Shing Chak
Mr. Shum Pui Kay
Mr. Wah Wang Kei Jackie

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
10th Floor, Island Place Tower
510 King's Road, North Point
Hong Kong

25 August 2014

To the Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS
(1) ACQUISITION OF ENTIRE EQUITY INTEREST IN TRILLION EARNING LIMITED
AND
(2) DISPOSAL OF 42% INTEREST IN GIANT EAGLE ENTERPRISES LIMITED

INTRODUCTION

On 2 July 2014, the Company announced that after trading hours of the Stock Exchange on 2 July 2014, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which, among other things, the

* *For identification purposes only*

Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Share for the Consideration of approximately HK$481.5 million (subject to adjustment). The Consideration is to be satisfied as to approximately HK$94.5 million in cash, as to approximately HK$215.2 million by the transfer of the Giant Eagle Shares and the Giant Eagle Loans to the Vendor, and as to approximately HK$171.8 million by the allotment and issue of the Consideration Shares. The Acquisition and the Disposal constitute major transactions for the Company under Chapter 14 of the Listing Rules. The Vendor, being an associate of Mr. Cheng who is a substantial Shareholder, is a connected person of the Company and thus the Acquisition and the Disposal also constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares) are subject to the approval of the Independent Shareholders by way of poll at the SGM. The Independent Board Committee has been constituted to provide a recommendation to the Independent Shareholders on voting. Hercules has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Completion is subject to the satisfaction of certain conditions precedent and may or may not occur. Shareholders are advised to exercise caution when dealing in the Shares.

The purpose of this circular is to provide you with, among other things, (i) details of the Agreement; (ii) financial information of the Group; (iii) the accountant's report of the Trillion Earning Group; (iv) unaudited pro forma financial information of the Enlarged Group; (v) the valuation reports of the Beijing Properties and the Shenyang Properties; (vi) the recommendation of the Independent Board Committee; (vii) the letter of advice from Hercules; and (viii) the notice of the SGM together with the form of proxy.

THE ACQUISITION AGREEMENT

Date:

2 July 2014 (supplemented by an addendum on 6 August 2014)

Parties:

(i) GoldSilk Capital Limited, as vendor; and

(ii) Cosmo Group Holdings Limited, as purchaser.

The Vendor is principally engaged in investment holding and is wholly and beneficially owned by Mr. Cheng, who is a substantial Shareholder. As at the Latest Practicable Date, Mr. Cheng was interested in 261,000,000 Shares, representing approximately 10.97% of the issued share capital of the Company. Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

Asset to be acquired:

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Share, free from encumbrances and together with all accrued benefits and rights attached thereto and all dividends declared after the date of Completion in respect of the Sale Share. The Sale Share represents the entire issued share capital of Trillion Earning as at the date of the Agreement and at Completion. Further details of Trillion Earning are set out in the paragraph headed "Information on the Trillion Earning Group" below.

Consideration:

The Consideration is HK$481,545,488 (subject to adjustment), which shall be satisfied as follows:-

(i) as to HK$9,986,315 (the "Deposit") to be paid in cash not later than the 5th Business Day after the date of the Agreement. The Deposit has been paid by the Purchaser;

(ii) as to HK$171,771,600 by the allotment and issue by the Company at Completion of 260,260,000 Consideration Shares to the Vendor or its nominee at an issue price of HK$0.66 each;

(iii) as to HK$215,242,085 by the Disposal, being the transfer by the Purchaser of the Giant Eagle Shares and the Giant Eagle Loans to the Vendor at Completion; and

(iv) as to the balance of HK$84,545,488 in cash at Completion.

The Vendor has undertaken to provide the Purchaser with the Completion Accounts within 45 days from the date of Completion. The Completion Accounts are expected to be prepared in accordance with the accounting standards and policies adopted by the Company. If the consolidated net asset value of the Trillion Earning Group as shown in the Completion Accounts is less than that as shown in the management accounts as at 31 May 2014, the shortfall shall be deducted from the Consideration and any excess of the Consideration paid on Completion shall be returned in cash by the Vendor to the Purchaser within 15 Business Days from the date of the issue of the Completion Accounts. The final Consideration is not subject to a minimum amount. If the consolidated net asset value of the Trillion Earning Group as shown in the Completion Accounts is higher than that as shown in the management accounts as at 31 May 2014, the excess shall be added to the Consideration and payable in cash by the Purchaser to the Vendor within 15 Business Days from the date of the issue of the Completion Accounts. Notwithstanding this, the final Consideration shall not exceed HK$490,000,000. For the purposes of determining the net asset value of the Trillion Earning Group for the aforesaid adjustments, an addendum to the Agreement was entered into on 6 August 2014 to clarify that the amount of any deferred taxation liability and all taxation liability in any relevant account shall be disregarded. Save for the aforesaid clarification, all other terms and conditions of the Agreement remain unchanged. The Company will announce the final Consideration and the basis thereof upon their determination.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor based on (i) the consolidated net asset value of the Trillion Earning Group of approximately HK$481.5 million as at 31 May 2014 which includes the Beijing Properties stated at its preliminary valuation of approximately HK$557 million; (ii) the consolidated net asset value (excluding the non-controlling interests) of the Giant Eagle Group attributable to the Giant Eagle Shares of approximately HK$3.5 million as at 31 May 2014 which includes the Shenyang Properties stated at a preliminary valuation of approximately RMB370.4 million (equivalent to approximately HK$463.0 million) as at 31 December 2013; and (iii) the face value of the Giant Eagle Loans (representing 42% of all the amounts owed by the Grant Eagle Group to the Purchaser) as at 31 May 2014 of approximately HK$153.3 million.

The Disposal involves a 42% interest in Giant Eagle as the Purchaser would like to maintain a controlling stake in the Giant Eagle Group. The portion of the Consideration to be satisfied by the Disposal is approximately HK$215.2 million, which represents an excess of approximately HK$58.4 million over the aggregate of (i) the net asset value (excluding the non-controlling interests) of the Giant Eagle Group attributable to the Giant Eagle Shares of approximately HK$3.5 million as at 31 May 2014; and (ii) the face value of the Giant Eagle Loan of approximately HK$153.3 million as at 31 May 2014. This excess was agreed after taking into consideration the holding cost of the Shenyang Properties by the Group since 20 January 2011 and the potential value created by a newly-developed outlet mall adjacent to the Shenyang Properties. The Board believes that the outlet mall developed by the Group has gradually become a point of interest for travelers and created value for the nearby area by attracting pedestrian flow and appealing to investors, which value may not otherwise be reflected in the valuation of the Shenyang Properties.

For the purpose of substantiating the fairness and reasonableness of the major inputs and assumptions used for the valuations of the Beijing Properties and the Shenyang Properties, the Board instructed senior management of the Company to interview Prudential to assess its experience in valuing similar properties in the PRC and understand the methodologies, basis and assumptions adopted in arriving at the valuations of the Beijing Properties and the Shenyang Properties. The senior management of the Company also consulted and sought an independent third party professional's opinion on whether such methodologies, basis and assumptions are in line with market practice. Thus, the Board considers the major inputs and assumptions used for the valuations of the Beijing Properties and the Shenyang Properties fair and reasonable. In light of this, the Board is of the view that the valuations of the Beijing Properties and the Shenyang Properties form a relevant basis for the Consideration.

Consideration Shares:

The Consideration Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the SGM, and represent approximately 10.94% of the existing issued share capital of the Company and approximately 9.86% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Vendor may sell, transfer or assign up to 160,000,000 Consideration Shares or agree to do so at any time from the date of issue. The Vendor shall not sell, transfer or assign or otherwise dispose of any of the balance of 100,260,000 Consideration Shares or any interest therein or agree to do so on or before 31 August 2015 unless otherwise agreed by and subject to the written approval of the Purchaser. In the event that the Vendor requests to dispose of any Consideration Shares on or before 31 August 2015, the Purchaser will decide whether or not to approve such disposal after taking into account various factors, including but not limited to the then market conditions and the proposed method of disposal by the Vendor. As at the Latest Practicable Date, the Company was given to understand that the Vendor did not intend to dispose of any Consideration Shares on or before 31 August 2015.

The Consideration Shares shall rank pari passu with all other Shares in issue as at the date of allotment and issue. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The issue price of HK$0.66 per Consideration Share was determined after arm's length negotiations with reference to the prevailing market price of the Shares and represents:

(i) a premium of approximately 3.1% over the closing price of the Shares of HK$0.64 each as at the Latest Practicable Date;

(ii) a premium of 20.0% over the closing price of the Shares of HK$0.55 each on 2 July 2014 (being the date of the Agreement);

(iii) a premium of approximately 17.9% over the average of the closing prices of the Shares of HK$0.56 each for the five trading days up to and including the date of the Agreement; and

(iv) a discount of approximately 22.4% to the net asset value per Share of approximately HK$0.85 (based on the audited equity attributable to owners of the Company of approximately HK$1,788.8 million as at 31 December 2013 as disclosed in the annual report of the Company and 2,103,683,580 Shares in issue as at that date).

Conditions precedent:

Completion is conditional upon satisfaction of the following conditions on or before 30 September 2014:

(i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares; and

(ii) the Agreement and the transactions contemplated by it (including the allotment and issue of the Consideration Shares and the Disposal) having been approved by the Independent Shareholders who are permitted under the Listing Rules to vote on the relevant resolution.

If the Agreement does not become unconditional or is terminated or rescinded, the Vendor shall immediately on demand refund the Deposit to the Purchaser without interest. In case of termination due to the Vendor's breach of any of the Agreement and its related documents, the Vendor shall immediately on demand refund the Deposit plus interest thereon at the rate of 12% per annum from and including the date of payment of the Deposit to and excluding the day it is refunded. As at the Latest Practicable Date, none of the above conditions had been fulfilled.

Completion:

Completion is to take place on the 10th Business Day after satisfaction of the above conditions.

Guarantee and indemnity:

The Vendor has represented to the Purchaser that for each of the three calendar years from Completion, the Net Revenue as shown in the audited or the latest management accounts of Worldwide Properties shall not be less than HK$25.0 million. If the Net Revenue falls short of HK$25.0 million in any of these three calendar years, the Vendor shall on demand pay to the Purchaser the full amount of the shortfall in cash. If the Net Revenue exceeds HK$25.0 million, a sum equal to the following percentages of the excess over HK$25.0 million shall be paid by the Purchaser to the Vendor after the issue of the audited or the latest management accounts of Worldwide Properties:

Amount of excess over HK$25.0 million	To be paid to the Vendor	To be retained by the Purchaser
Up to HK$500,000	70%	30%
HK$500,001 to HK$1,000,000	65%	35%
HK$1,000,001 to HK$1,500,000	60%	40%
HK$1,500,001 to HK$2,000,000	50%	50%
Over HK$2,000,000	40%	60%

The Net Revenue for each of the years ended 31 March 2012 and 2013 amounted to approximately HK$13.1 million and approximately HK$15.5 million respectively. The Company will comply with the disclosure requirements under Rule 14A.63 of the Listing Rules, if the actual Net Revenue is less than HK$25.0 million.

Pursuant to the Agreement, the Vendor and Mr. Cheng will undertake at Completion jointly and severally to indemnify each member of the Trillion Earning Group and the Purchaser for, amongst others, any liability for taxation (whether prospective, current, or retrospective) arising on or in connection with:-

(i) any gain on revaluation at any time whether before or after the date of the Agreement of any or all of the Beijing Properties and/or any interest therein; and/or

(ii) any sale or disposal, whether or not for full value, of any or all of the Beijing Properties and/or any interest therein and/or the creation of any interest therein, at any time after the date thereof and without limitation in time, provided that the Vendor shall not be liable for any such taxation if and to the extent that taxation is calculated by reference to an aggregate sum in excess of HK$557,000,000 or its equivalent in any other currency at the date by reference to which the taxation is calculated. If there are any tax liabilities arising from the gain on revaluation and/or sale or disposal of the Beijing Properties, the Purchaser will issue a demand notice to the Vendor and Mr. Cheng for indemnification against such liability. As at the Latest Practicable Date, the estimated amount of maximum tax liabilities arising from the gain on revaluation and/or sale or disposal of the Beijing Properties was approximately HK$43.5 million. However, the Directors consider the chance of such tax liabilities materialising is remote.

The Vendor and Mr. Cheng have also undertaken at Completion to jointly and severally indemnify each member of the Trillion Earning Group and the Purchaser for any taxation liability resulting from or by reference to any income, profits or gains earned, accrued or received on or before Completion, including the potential penalty on the Trillion Earning Group in relation to the late filing of tax returns. The Trillion Earning Group intends to file the tax returns in the foreseeable future on a voluntary basis, and the amount of the potential penalty cannot be reliably estimated as the range of which is wide, from 50% to 500% of the unreported tax. The estimated maximum penalty, as calculated arithmetically based on 500% of the estimated unreported tax, amounts to approximately HK$28 million. Based on the experience of the Trillion Earning Group, the amount of such penalty, if any, will not be material and therefore will not significantly affect the Trillion Earning Group's financial position. Accordingly, there is no provision for the potential penalty for the late filing of tax returns in the financial statements of the Trillion Earning Group.

Pursuant to the Agreement, upon Completion, the Vendor shall procure that all sums (if any) owing to any member of the Trillion Earning Group by any of the Vendor and the directors of any member of the Trillion Earning Group or any of their associates be repaid.

INFORMATION ON THE TRILLION EARNING GROUP

Trillion Earning is a company incorporated in the BVI with limited liability. The Trillion Earning Group is principally engaged in investment holding. The Company has been advised by Mr. Cheng that the investment cost of Trillion Earning is US$1, and Worldwide Properties acquired the Beijing Properties in 2004 at an original acquisition cost of approximately RMB94.0 million (equivalent to approximately HK$117.5 million).

The Beijing Properties comprise various units within a 21-storey building known as "Junefield Plaza" situated at 10th Building, No. 6, 8, 10, 12, 16, 18 Xuanwumen Outer Street, Xuanwu District, Beijing, the PRC. The building is for commercial office use. The total gross floor area of the Beijing Properties is 10,471.88 sq. m. As at the Latest Practicable Date, the Beijing Properties were leased to 10 tenants who are third parties independent of the Vendor, its beneficial owner, the Company and its connected persons for a total monthly rental of approximately RMB1.79 million (equivalent to approximately HK$2.24 million. Based on the valuation report prepared by Prudential, an independent professional valuer, using the direct comparison approach as set out in Appendix IV to this circular, the Beijing Properties are valued at RMB449.5 million (equivalent to approximately HK$561.9 million) as at 2 July 2014.

Set out below is the audited combined financial information of the Trillion Earning Group prepared under the Hong Kong Financial Reporting Standards for each of the two financial years ended 31 March 2013 and 2014 extracted from the accountant's report on Trillion Earning set out in Appendix II to this circular:-

	Year ended 31 March	
	2013	**2014**
	HK$'million	*HK$'million*
	(audited)	(audited)
Net profits before taxation and extraordinary items	10.68	455.27
Net profits after taxation and extraordinary items	9.13	409.24

The profit of the Trillion Earning Group for the year ended 31 March 2014 included a gain on changes in fair value of the Beijing Properties of approximately HK$437.93 million.

The audited combined net asset value of the Trillion Earning Group as at 31 March 2014 amounted to approximately HK$429.6 million. As mentioned in the paragraph headed "Consideration" above, for the purposes of determining the net asset value of the Trillion Earning Group in respect of the adjustments to the Consideration, the amount of taxation liability shall be disregarded. Without taking into account the taxation liability of approximately HK$48.9 million as at 31 March 2014, the combined net asset value of the Trillion Earning Group as at 31 March 2014 amounted to approximately HK$478.5 million.

Shareholders should note that the accountant's report of the Trillion Earning Group for the three years ended 31 March 2014 prepared in accordance with the Hong Kong Financial Reporting Standards and prepared by BDO Limited, the independent reporting accountant, contained an adverse opinion as to the measurement of the Trillion Earning Group's investment properties as at 31 March 2011, 2012 and 2013. Given that the Trillion Earning Group's investment properties as at 31 March 2011, 2012 and 2013 were stated at cost, the fair value model was not applied retrospectively to measure the investment properties as at 31 March 2011, 2012 and 2013. It resulted in non-compliance with Hong Kong Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("HKAS 8") and BDO Limited is of the opinion that the financial information does not give a true and fair view of the combined state of affairs of the Trillion Earning Group as at 31 March 2012 and 2013, and of the combined results of the Trillion Earning Group for each of the years ended 31 March 2012, 2013 and 2014. As the relevant information regarding the fair value of these investment properties as at 31 March 2011, 2012 and 2013 is not available, it is not practicable to determine the financial effects of such departures. The directors of both members of the Trillion Earning Group consider that the measurement of these investment properties as at 31 March 2011, 2012 and 2013 at fair value would involve expense or delay out of proportion to the value to the shareholders of Trillion Earning.

Shareholders should however note that in the opinion of BDO Limited, the financial information set out in the accountant's report of the Trillion Earning Group gives a true and fair view of the state of affairs of Trillion Earning as at 31 March 2013 and 2014 and the combined state of affairs of the Trillion Earning Group as at 31 March 2014, and of the combined cash flows of the Trillion Earning Group for each of the years ended 31 March 2012, 2013 and 2014. Details of the adverse opinion are set out in Appendix II to this circular.

Having considered (i) the basis for adverse opinion was solely due to the fair value measurement of the Beijing Properties as at 31 March 2011, 2012 and 2013; (ii) the audited financial information of the Trillion Earning Group gives a true and fair view of the combined state of affairs of the Trillion Earning Group as at 31 March 2014; (iii) the Consideration was determined with reference to, among other things, the valuation of the Beijing Properties and the latest net asset value of the Trillion Earning Group but not the historical fair value of the Beijing Properties or historical performance of the Trillion Earning Group; and (iv) the information in the combined statements of comprehensive income, other than those relating to the fair value gain on investment properties and deferred tax, reflects the performance of the rental business of the Trillion Earning Group, the Directors are of the view that the issue of an adverse opinion due to the departure from application of the fair value model retrospectively under HKAS 8 does not affect the Directors' assessment of the fairness and reasonableness of the terms of the Acquisition including the amount of the Consideration and the risk associated with the Acquisition. Based on the above, the Directors are also of the view that sufficient information is provided to the Shareholders to enable them to make an informed decision on the Acquisition.

INFORMATION ON THE GIANT EAGLE GROUP

The Giant Eagle Group is engaged in property and investment holding in the PRC. As at the Latest Practicable Date, the Giant Eagle Group held the Shenyang Properties which comprised (i) a 100% interest in a parcel of commercial land with a site area of approximately 55,101 sq. m. situated at north of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC; and (ii) a 88% interest in two parcels of residential land with a total site area of approximately 138,687 sq. m. adjacent to the aforesaid commercial land in Shenyang, the PRC. The Shenyang Properties are currently vacant. Based on the valuation report prepared by Prudential, an independent professional valuer, using the direct comparison approach, as set out in Appendix V to this circular, the Shenyang Properties are valued at RMB370.4 million (equivalent to approximately HK$463.0 million) as at 2 July 2014.

Certain consolidated financial information of the Giant Eagle Group for each of the two financial years ended 31 December 2012 and 2013 is set out below:-

	Year ended 31 December	
	2012	**2013**
	HK$'million	*HK$'million*
	(unaudited)	(audited)
Net losses before taxation and extraordinary items	0.20	1.56
Net losses after taxation and extraordinary items	0.63	1.56

The unaudited consolidated net asset value (excluding the non-controlling interests) of the Giant Eagle Group as at 31 May 2014 amounted to approximately HK$8.3 million. The aggregate amount of the shareholders' loans owed by the Giant Eagle Group to the Purchaser as at 31 May 2014 was approximately HK$365.0 million. As the Giant Eagle Loans represent 42% of all the amounts owed by the Giant Eagle Group to the Purchaser, the amount of the Giant Eagle Loans as at 31 May 2014 was approximately HK$153.3 million.

Apart from the shareholders' loans of approximately HK$365.0 million owed by the Giant Eagle Group to the Purchaser, the Giant Eagle Group's major liabilities as at 31 May 2014 were deferred income of approximately HK$139.3 million. The deferred income represented a government grant provided to the Giant Eagle Group for the development project in Shenyang, the PRC which is expected to be credited against the development costs of the project when the development works commence.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon Completion and immediately after the allotment and issue of the Consideration Shares (assuming no other Shares are issued or repurchased before then):

	As at the Latest Practicable Date		**Upon Completion and immediately after the allotment and issue of the Consideration Shares**	
	Shares	*App. %*	*Shares*	*App. %*
Well Success Investment Limited *(Note 1)*	664,677,468	27.94	664,677,468	25.18
Mr. Cheng *(Note 2)*	261,000,000	10.97	261,000,000	9.89
The Vendor *(Note 2)*	–	–	260,260,000	9.86
Mr. Chan Ting Chuen *(Note 3)*	8,950,000	0.37	8,950,000	0.34
Mr. Sze Sun Sun Tony *(Note 4)*	5,200,000	0.22	5,200,000	0.20
	939,827,468	39.50	1,200,087,468	45.47
Public Shareholders	1,439,216,112	60.50	1,439,216,112	54.53
Total	**2,379,043,580**	**100.00**	**2,639,303,580**	**100.00**

Notes:

1. Well Success Investment Limited is directly interested in 664,677,468 Shares and is owned as to 40% by First Dynamic International Limited, 40% by Frensham Investments Limited and 20% by Mr. Chang Tsung Yuan.

2. The Vendor is a company wholly and beneficially owned by Mr. Cheng. The Vendor and Mr. Cheng will hold in aggregate 521,260,000 Shares, representing approximately 19.75% of the issued share capital of the Company upon Completion.

3. Mr. Chan Ting Chuen is an executive Director and chairman of the Board. He is directly interested in 8,950,000 Shares and is a substantial shareholder of Royal Pacific Limited, which holds more than one-third of the issued share capital of First Dynamic International Limited.

4. Mr. Sze Sun Sun Tony is an executive Director and deputy chairman of the Board. He is directly interested in 5,200,000 Shares and is a substantial shareholder of Alexon International Limited, which holds more than one-third of the issued share capital of First Dynamic International Limited.

REASONS FOR THE ACQUISITION AND THE DISPOSAL

The principal activities of the Group are (i) retailing and sourcing; (ii) property investment and holding in Hong Kong and the PRC; (iii) management and operation of outlet mall in the PRC; (iv) provision of financial services including securities brokerage, margin financing, underwriting and placing, consulting and money lending; and (v) development and management of the "PONY" brand.

Based on the existing tenancies of the Beijing Properties and the latest valuation as at 2 July 2014, the rental yield of the Beijing Properties is approximately 4.8% per annum while the rental yield of the Group's investment properties in Hong Kong is only approximately 2%. The Directors consider the Acquisition will further expand the Group's property portfolio, generate an immediate and reasonable rental yield and recurring income, at the same time enable the Group to enjoy future land value appreciation of the Beijing Properties. The issue of the Consideration Shares to settle part of the Consideration allows the Group to reduce the cash outlay needed to complete the Acquisition and at the same time enlarges the capital base of the Company.

The Shenyang Properties comprise a total gross floor area of over 110,000 sq. m. for the commercial land and gross floor area of over 260,000 sq. m. for the residential land. The Vendor is seasoned and experienced in real estate development in the PRC and Hong Kong. The property investment portfolio of the Vendor consists of residential properties, commercial properties and hotel properties located in Tiexi District, Shenyang, the PRC and Xiamen, the PRC. The transfer of the Giant Eagle Shares and the Giant Eagle Loans to settle part of the Consideration serves to introduce the Vendor as a partner to develop the Shenyang Properties and reduces the capital commitment on the part of the Group to fund the future development costs of the Shenyang Properties.

The Company intends to fund the cash portion of the Consideration by internal resources of the Group.

The Company has conducted a due diligence exercise on the Trillion Earning Group, including (i) a review of documents such as copies of land title documents and rental agreements provided by the Vendor; (ii) site inspection of the Beijing Properties; and (iii) conducting enquiries on the operational and financial aspects of the Trillion Earning Group. The Company noted that the Trillion Earning Group had not timely filed the tax returns which may give rise to the payment of a penalty levied by the relevant PRC tax authorities, and that there are certain outstanding amounts owing to the Trillion Earning Group by the Vendor. Save for the above, the Company is satisfied with the results of the due diligence review. In response to the relevant findings from the due diligence review, as mentioned in the paragraph headed "Guarantee and indemnity" in the section headed "The Acquisition Agreement" above, the Vendor will indemnify the Purchaser and Trillion Earning against any tax liabilities resulting from or by reference to any income, profits or gains earned, accrued or received on or before Completion and shall procure or repay all outstanding amounts owing to any member of the Trillion Earning Group as at Completion.

As at 31 March 2014, the Trillion Earning Group had net current liabilities of approximately HK$40.1 million which comprise mainly short-term borrowings of approximately HK$26.7 million used for financing the Beijing Properties. The Directors are of the view that the Trillion Earning Group is supported by recurring rental income which is an important source of funding for repayment of the short-term bank borrowings. In light of the above, despite the net current liability position of the Trillion Earning Group as at 31 March 2014, the Directors believe that the terms of the Agreement are fair and reasonable and the Acquisition and the Disposal are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION AND THE DISPOSAL

After Completion, Trillion Earning will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into the accounts of the Group. Giant Eagle will remain a 58%-owned subsidiary of the Company and its accounts will continue to be consolidated into the financial statements of the Company.

Set out in Appendix III to this circular is certain unaudited pro forma financial information of the Enlarged Group which illustrates the effect of Completion on the assets and liabilities of the Group, assuming that Completion had taken place on 31 December 2013.

Net assets

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, the total assets of the Enlarged Group as at 31 December 2013 will increase from approximately HK$2,965.6 million to approximately HK$3,439.0 million as a result of the Acquisition, whereas the total liabilities of the Enlarged Group as at 31 December 2013 will increase from approximately HK$904.1 million to approximately HK$1,150.1 million as a result of the Acquisition.

The portion of the consideration of HK$215.2 million to be settled by the transfer of the Giant Eagle Shares and the Giant Eagle Loans exceeds by approximately HK$51.9 million the audited net asset value of the Giant Eagle Group attributable to the Giant Eagle Shares, being approximately HK$8.6 million, and the face value of the Giant Eagle Loan of approximately HK$154.7 million as at 31 December 2013. Such amount will be recognised as an increase in reserves of the Group. Shareholders should note that the actual financial effect of the Acquisition and the Disposal may be different from the above figures and will be dependent on the net asset value of the Giant Eagle Group as at Completion.

Earnings

Following Completion, the Beijing Properties will be classified as investment properties of the Enlarged Group, and will be carried at fair value after initial recognition. All future fair value gains or losses (including unrecognised fair value gains or losses) in relation to the Beijing Properties will be recognised in the consolidated income statement of the Enlarged Group.

LISTING RULES IMPLICATIONS

The Acquisition and the Disposal constitute major transactions for the Company under Chapter 14 of the Listing Rules. The Vendor, being an associate of Mr. Cheng who is a substantial Shareholder, is a connected person of the Company and thus the Acquisition and the Disposal also constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and the Disposal) are subject to the approval of the Independent Shareholders by way of poll at the SGM. Mr. Cheng and his associates who together controlled or were entitled to exercise control over the voting rights in respect of 261,000,000 Shares (representing approximately 10.97% of the issued share capital of the Company) as at the Latest Practicable Date are required to abstain from voting at the SGM. None of the Directors has a material interest in the transactions contemplated under the Agreement. The Independent Board Committee has been constituted to provide a recommendation to the Independent Shareholders on voting. Hercules has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The SGM, the notice of which is set out on pages SGM-1 to SGM-2 of this circular, will be convened and held at 10:00 a.m. on Thursday, 11 September 2014 at the Boardroom on the 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Agreement. The voting at the SGM will be carried out by way of poll.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 19 of this circular which contains its recommendation to the Independent Shareholders in relation to the terms of the Agreement. Your attention is also drawn to the letter from Hercules set out on pages 20 to 47 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the principal factors and reasons taken into account in arriving at its recommendations.

The Directors (including the independent non-executive Directors who have expressed their views on the transactions contemplated under the Agreement in this circular after taking into account the advice of Hercules) are of the opinion that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of SGM.

By order of the Board
Symphony Holdings Limited
Chan Ting Chuen
Chairman

SYMPHONY

SYMPHONY HOLDINGS LIMITED

新 灃 集 團 有 限 公 司*

(incorporated in Bermuda with limited liability)

(Stock Code: 01223)

25 August 2014

To the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS
(1) ACQUISITION OF ENTIRE EQUITY INTEREST IN TRILLION EARNING LIMITED
AND
(2) DISPOSAL OF 42% INTEREST IN GIANT EAGLE ENTERPRISES LIMITED

We refer to the circular of the Company dated 25 August 2014 (the "Circular") of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Agreement. Hercules has been appointed as the independent financial advisor to advise us and you regarding the terms of the Agreement. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 20 to 47 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Agreement and the advice of Hercules, we consider the Acquisition and the Disposal are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition and the Disposal.

Yours faithfully,
Independent Board Committee

Mr. Cheng Kar Shing	**Mr. Ho Shing Chak**	**Mr. Shum Pui Kay**	**Mr. Wah Wang Kei Jackie**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*	*Independent Non-executive Director*

* *For identification purposes only*

The following is the text of a letter of advice from Hercules setting out its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

Hercules

Hercules Capital Limited

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

25 August 2014

To the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS
(1) ACQUISITION OF THE ENTIRE EQUITY INTEREST IN TRILLION EARNING LIMITED
AND
(2) DISPOSAL OF 42% INTEREST IN GIANT EAGLE ENTERPRISES LIMITED

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the transactions contemplated under the Agreement, details of which are set out in the letter from the Board contained in the Company's circular dated 25 August 2014 to the Shareholders (the "Circular"), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 2 July 2014, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which, among other things, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Share for the Consideration of HK$481,545,488 (subject to adjustment), which shall be satisfied as to (i) HK$94,531,803 in cash; (ii) HK$171,771,600 by the allotment and issue of the Consideration Shares at an issue price of HK$0.66 each; and (iii) HK$215,242,085 by the Disposal, being the transfer by the Purchaser of the Giant Eagle Shares and the Giant Eagle Loans to the Vendor.

The Acquisition and the Disposal constitute major transactions of the Company under Chapter 14 of the Listing Rules. The Vendor, being an associate of Mr. Cheng who is a substantial Shareholder, is a connected person of the Company and thus the Acquisition and the Disposal also constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and the Disposal) are subject to the approval of the Independent Shareholders by way of poll at the SGM. Mr. Cheng and his associates who as at the Latest Practicable Date together controlled or were entitled to exercise control over the voting rights in respect of 261,000,000 Shares, representing approximately 10.97% of the issued share capital of the Company, are required to abstain from voting at the SGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Cheng Kar Shing, Mr. Ho Shing Chak, Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie, has been established to advise the Independent Shareholders on the terms of the Agreement. We, Hercules Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard, in particular as to whether the Acquisition and the Disposal are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Company, the Purchaser, the Vendor or their respective associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Company or the Purchaser or the Vendor or their respective associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Acquisition and the Disposal, we have considered the following principal factors and reasons:

1. Information on the Group

The principal activities of the Group are (i) retailing and sourcing; (ii) property investment and holding in Hong Kong and the PRC; (iii) management and operation of an outlet mall in the PRC; (iv) provision of financial services including securities brokerage, margin financing, underwriting and placing, consulting and money lending; and (v) development and management of the "PONY" brand.

The selected audited consolidated financial information of the Group for the two years ended 31 December 2013, which was extracted from the annual report of the Company, is summarized as follows:

	For the year ended 31 December	
	2013	**2012**
	HK$'000	*HK$'000* (restated)
Revenue		
– Retailing and sourcing	154,580	139,657
– Branding	33,197	–
– Property investment and holding	7,262	8,665
– Outlet malls	17,067	1,013
	212,106	149,335
Loss before income tax from continuing operations	(187,533)	(175,869)
Profit/(loss) for the year attributable to owners of the Company	15,454	(214,346)

	As at 31 December 2013 HK$'000
Total assets	2,965,602
Total liabilities	(904,060)
Net assets	2,061,542
Equity attributable to owners of the Company	1,788,849

The revenue of the Group for the year ended 31 December 2013 was approximately HK$212.1 million, of which approximately 72.9% was derived from the retailing and sourcing segment, approximately 15.7% was derived from the branding segment, approximately 8.0% was derived from the outlet malls segment and approximately 3.4% was derived from the property investment and holding segment. The Group recorded an increase of approximately 42.0% in its revenue for the year ended 31 December 2013 as compared to the previous year as a result of the acquisition of the PONY global brand (excluding the PRC and Taiwan) and the contribution from such branding business as well as the recognition of full year operating results of Shenyang Park Outlets, which was opened in October 2012. Despite the increase in gross profit in the amount of approximately HK$28.0 million and the recognition of the gain on disposal of joint venture and subsidiaries and bargain purchase gain arising from business combination in aggregate of approximately HK$31.4 million, the increase in administrative expenses of approximately HK$66.4 million led to an increase in loss before tax from continuing operations from approximately HK$175.9 million for the year ended 31 December 2012 to approximately HK$187.5 million for the year ended 31 December 2013. Taking into account the profit from discontinued operations for the year ended 31 December 2013 of approximately HK$176.9 million, which mainly resulted from the reversal of the foreign exchange reserves, the profit attributable to owners of the Company for the year ended 31 December 2013 amounted to approximately HK$15.5 million while the loss attributable to owners of the Company for the year ended 31 December 2012 was approximately HK$214.3 million.

As at 31 December 2013, the non-current assets of the Group amounted to approximately HK$1,863.1 million, of which approximately HK$514.3 million were property, plant and equipment, approximately HK$729.2 million were investment properties, approximately HK$292.6 million were prepaid lease payments and approximately HK$209.9 million were intangible assets, while the current assets of the Group amounted to approximately HK$1,102.5 million, which mainly consisted of inventories of approximately HK$25.1 million, amounts due from joint ventures of approximately HK$84.1 million, trade and other receivables of approximately HK$104.8 million, pledged bank deposit of approximately HK$57.6 million and bank balances and cash of approximately HK$823.3 million. The non-current liabilities of the Group amounted to approximately HK$150.8 million as at 31 December 2013, and included obligations arising from a joint venture of approximately HK$64.9 million and deferred tax liabilities of approximately HK$85.9 million. The current liabilities of the Group as at 31 December 2013 amounted to approximately HK$753.3 million, which mainly comprised trade and other payables of approximately HK$287.9 million and bank borrowings of approximately HK$379.4 million. As at 31 December 2013, the net assets attributable to owners of the Company amounted to approximately HK$1,788.8 million.

As mentioned in the annual report of the Company for the year ended 31 December 2013, the Company had made some important strategic decisions to exit the shoe manufacturing operation, and to re-direct its effort to other potential profitable business ventures such as outlet mall investment cum management services and provision of financial services. On 12 February 2014, the Group entered into an acquisition agreement to purchase the entire equity interest in, and the shareholder's loans owed by Jin Dragon Holdings Limited for an aggregate consideration of HK$146,157,119. Jin Dragon Holdings Limited and its subsidiaries are principally engaged in the provision of financial services including (i) securities brokerage; (ii) margin financing; (iii) underwriting and placing; (iv) consultancy; and (v) money lending. The acquisition was completed on 30 April 2014. On 28 February 2014, the Group entered into an acquisition agreement to acquire the remaining 50% equity interest in JFT Holdings Limited, which is principally engaged in investment holding and retailing of apparel, footwear and accessories, from the joint venture partner for a consideration of HK$25,000,000. The acquisition was completed in February 2014. The Group also entered into a disposal agreement on 31 March 2014 to dispose of its 50% equity interest in Welcome Wealth Properties Limited, which is principally engaged in marketing and trading of apparel, footwear and accessories under the brand name of "Pony" in the PRC and Taiwan, for a consideration of US$3,380,000 (equivalent to approximately HK$26,195,000). The disposal was completed in June 2014.

2. Information on the Trillion Earning Group

Trillion Earning is a company incorporated in the BVI with limited liability. The Trillion Earning Group is principally engaged in investment holding and its major assets are the Beijing Properties.

The Beijing Properties comprise various units on 12th, 14th, 16th and 18th Floors of a 21-storey building, namely "Beijing Junefield Plaza", situated at No. 6, 8, 10, 12, 16, 18 (10-1, 10-2, 10-3, 10-4) Xuan Wu Men Outer Street, Xuan Wu District, Beijing, the PRC. The building is for commercial office use. The total gross floor area of the Beijing Properties is 10,471.88 sq. m.. As at the Latest Practicable Date, the Beijing Properties were leased to 10 tenants, who were third parties independent of the Vendor, its beneficial owner, the Company and its connected persons, for a total monthly rental of approximately RMB1.79 million (equivalent to approximately HK$2.24 million). Based on the valuation prepared by Prudential, an independent professional valuer, as set out in Appendix IV to the Circular, the Beijing Properties were valued at approximately RMB449.5 million (equivalent to approximately HK$561.9 million) as at 2 July 2014.

The audited combined financial information of the Trillion Earning Group for the two years ended 31 March 2013 and 31 March 2014 as set out in Appendix II to the Circular is summarized as follows:

	For the year ended 31 March	
	2014	**2013**
	HK$'000	*HK$'000*
Revenue	22,330	15,487
Profit before income tax	455,265	10,676
Profit for the year attributable to owner of Trillion Earning	409,239	9,127

	As at 31 March 2014
	HK$'000
Total assets	562,796
Total liabilities	(133,197)
Net assets attributable to owner of Trillion Earning	429,599

The revenue of the Trillion Earning Group, which was derived solely from the gross rental income of the Beijing Properties, for the year ended 31 March 2014 was approximately HK$22.3 million, representing an increase of approximately 44.2% as compared to that of the previous year. The increase in revenue was mainly attributable to a higher occupancy rate and increased rentals that resulted from a recovering economy. Based on the financial information of the Trillion Earning Group as set out in Appendix II to the Circular, the profit before income tax of the Trillion Earning Group for the year ended 31 March 2014 amounted to approximately HK$455.3 million, which was mainly attributable to the recognition of a fair value gain on investment properties in the amount of approximately HK$437.9 million, while the profit before income tax of the Trillion Earning Group for the year ended 31 March 2013 amounted to approximately HK$10.7 million. The profit of the Trillion Earning Group for the year ended 31 March 2014 and 2013 attributable to owner of Trillion Earning amounted to approximately HK$409.2 million and HK$9.1 million respectively.

With reference to the financial information of the Trillion Earning Group as set out in Appendix II to the Circular, we noted that the Beijing Properties were stated at cost as at 31 March 2011, 2012 and 2013 but the measurement of the Beijing Properties changed to the fair value model during the year ended 31 March 2014. As at 31 March 2014, the Beijing Properties were stated at fair value. According to Hong Kong Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("HKAS 8"), the Trillion Earning Group should apply the fair value model retrospectively to measure the investment properties as at 31 March 2013 and the year end date of the previous years. The non-compliance with the HKAS 8 in respect of the measurement of the investment properties shall have significant effects on the financial results of the Trillion Earning Group for each of the years ended 31 March 2013 and 2014. Since the relevant information regarding the fair value of those investment properties as at 31 March 2013 and the year end date of the previous years was not available, it is impracticable to ascertain the effects of non-compliance with HKAS 8 on the financial results of the Trillion Earning Group for each of the two years ended 31 March 2014. As such, BDO Limited, the independent reporting accountant, issued an adverse opinion as to the measurement of the Beijing Properties as at 31 March 2011, 2012 and 2013 and is of the opinion that the financial information does not give a true and fair view of the combined results of the Trillion Earning Group for each of the years ended 31 March 2012, 2013 and 2014. In light of the above, we consider that it may be inappropriate to assess the value and potential of the Trillion Earning Group based on the financial results of the Trillion Earning Group for the years ended 31 March 2013 and 2014 as set out in Appendix II to the Circular and Shareholders are advised to exercise extreme caution when making investment decisions based on such information.

As at 31 March 2014, the non-current assets of the Trillion Earning Group, being the Beijing Properties, amounted to approximately HK$559.1 million while the current assets of the Trillion Earning Group amounted to approximately HK$3.7 million, which comprised accounts receivable of approximately HK$1.4 million and bank balances of approximately HK$2.3 million. The current liabilities of the Trillion Earning Group amounted to approximately HK$43.7 million, of which approximately HK$6.9 million were accrued liabilities and other payables, approximately HK$5.0 million were amount due to the sole director, approximately HK$5.1 million were current tax liabilities and approximately HK$26.7 million were secured interest-bearing bank borrowings. The non-current liabilities of the Trillion Earning Group amounted to approximately HK$89.5 million, which were secured interest-bearing bank borrowings in the amount of approximately HK$45.7 million and deferred tax liabilities in the amount of approximately HK$43.8 million. As at 31 March 2014, the net current liabilities and net assets of the Trillion Earning Group attributable to owner of Trillion Earning amounted to approximately HK$40.1 million and HK$429.6 million respectively. The Directors are of the view that the Trillion Earning Group is supported by the recurring rental income and it should be able to settle the current liabilities when they fall due.

In the opinion of BDO Limited, the financial information gives a true and fair view of the state of affairs of Trillion Earning as at 31 March 2013 and 2014 and the combined state of affairs of the Trillion Earning Group as at 31 March 2014, and of the combined cash flows of the Trillion Earning Group for each of the years ended 31 March 2012, 2013 and 2014. Accordingly, we have taken into account the latest net asset value of the Trillion Earning Group in our assessment on the Consideration and the fair value of the Trillion Earning Group. Further details of our assessment on the Consideration and the Acquisition are set out in Section 6 of this letter.

3. Information on the Giant Eagle Group

The Giant Eagle Group is engaged in property and investment holding in the PRC. As at the Latest Practicable Date, the major asset of the Giant Eagle Group was the Shenyang Properties, which comprise (i) 100% interest in a parcel of commercial land with a site area of approximately 55,101 sq. m. situated at north of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC; and (ii) 88% interest in two parcels of residential land with a total site area of approximately 138,687 sq. m., which is located adjacent to the aforesaid commercial land in Shenyang, the PRC. The Shenyang Properties are currently vacant. Based on the valuation prepared by Prudential, an independent professional valuer, as set out in Appendix V to the Circular, the Shenyang Properties were valued at approximately RMB370.4 million (equivalent to approximately HK$463.0 million) as at 2 July 2014. Accordingly, the value of the Giant Eagle Group's interests in the Shenyang Properties amounted to approximately RMB348.5 million (equivalent to approximately HK$435.6 million) as at 2 July 2014.

The unaudited consolidated results of the Giant Eagle Group for the two years ended 31 December 2013 and 31 December 2012 and the unaudited consolidated financial position of the Giant Eagle Group as at 31 May 2014 are summarized as follows:

	For the year ended 31 December	
	2013	**2012**
	HK$'000	*HK$'000*
Revenue	597	788
Loss before taxation	(1,558)	(196)
Loss for the year attributable to owners of Giant Eagle	(1,100)	(550)

	As at 31 May 2014
	HK$'000
Total assets	559,885
Total liabilities	(520,413)
Net assets	39,472
Equity attributable to owners of Giant Eagle	8,259

The revenue of the Giant Eagle Group, which was generated from the rental income of its investment properties, for the year ended 31 December 2013 was approximately HK$0.6 million, representing a decrease of approximately 24.2% as compared to that of the previous year. These investment properties were disposed of during the year ended 31 December 2013. The administrative expenses for the year ended 31 December 2013 increased by approximately HK$3.9 million, as compared to that of the year ended 31 December 2012, to approximately HK$6.3 million. The increase was mainly driven by an approximately HK$1.9 million increase in exchange loss and an approximately HK$2.5 million increase in land usage and related tax. The Giant Eagle Group recognized a gain on disposal of subsidiaries of approximately HK$4.1 million for the year ended 31 December 2013. As a result, loss before income tax expense for the year ended 31 December 2013 amounted to approximately HK$1.6 million, representing a substantial increase of approximately 6.9 times as compared to the loss of the previous year, and the net loss of the Giant Eagle Group attributable to owners of Giant Eagle amounted to approximately HK$1.1 million, representing an increase of approximately 100.0% as compared to that of the previous year.

As at 31 May 2014, the non-current assets of the Giant Eagle Group amounted to approximately HK$459.9 million, representing the fair value of the Shenyang Properties as at 31 May 2014, while the current assets of the Giant Eagle Group amounted to approximately HK$100.0 million, which comprised other receivables and prepayments of approximately HK$18.2 million and bank balances and cash of approximately HK$81.8 million. The current liabilities of the Giant Eagle Group amounted to approximately HK$518.1 million, of which approximately HK$139.3 million were accrued expenses and other payables, approximately HK$365.0 million were amount due to immediate holding company and approximately HK$13.8 million were amounts due to fellow subsidiaries. The non-current liabilities of the Giant Eagle Group, being deferred tax liability, amounted to approximately HK$2.3 million. As at 31 May 2014, the net current liabilities and net assets of the Giant Eagle Group amounted to approximately HK$418.1 million and HK$39.5 million respectively. The equity attributable to owners of Giant Eagle as at 31 May 2014 amounted to approximately HK$8.3 million.

4. Reasons for the Acquisition and the Disposal

The Group has been engaged in the property investment and development business in the PRC and considers that the Acquisition provides an opportunity to expand the property portfolio of the Group. Based on the existing tenancies of the Beijing Properties, which generated a monthly rental income of approximately HK$2.24 million, and the valuation of the Beijing Properties of approximately HK$561.9 million as at 2 July 2014 as set out in Appendix IV to the Circular, the rental yield of the Beijing Properties is approximately 4.8% per annum while the rental yield of the Group's investment properties in Hong Kong is only approximately 2%.

With reference to the statistics released by National Bureau of Statistics of China, the gross domestic product of the PRC for the three months ended 31 March 2014 was approximately RMB12,821.3 billion, representing an increase of approximately 7.9% as compared to the last corresponding period. According to "Property Times North China Q1 2014" issued by DTZ Research, an independent research company focuses on worldwide real estate markets, in April 2014 (the "Property Report"), the office rental and vacancy rate of Grade-A offices in Beijing recorded a quarter-to-quarter increase of approximately 0.7% and 0.2% respectively. The increase in vacancy rate was mainly attributable to the new supply of office spaces. It is expected that the office rental of Grade-A offices in Beijing will continue to maintain a steady growth as the overall supply of Grade-A offices in Beijing remains scarce. The Directors consider that in the absence of any unforeseeable adverse factors that may have a substantial negative impact on the economy of the PRC, the market outlook of the property investment market in Beijing shall remain positive in the foreseeable future although the growth may be insignificant.

The Shenyang Properties comprise a total gross floor area of over 110,000 sq. m. for the commercial land and gross floor area of over 260,000 sq. m. for the residential land. According to the preliminary plans of the Company, the Shenyang Properties will be developed into a residential complex with residential units, an outlet mall and serviced apartments. The Company has been actively seeking partners with real estate development expertise in the PRC to co-develop the Shenyang Properties. The Vendor is seasoned and experienced in real estate development in the PRC and Hong Kong, with a property investment portfolio of residential properties, commercial properties and hotel properties located in Tiexi District, Shenyang, the PRC and Xiamen, the PRC.

According to the Property Report, owing to the negative seasonal impact of Chinese New Year, the transaction volume (in terms of area) for residential properties in Shenyang during the period from December 2013 to January 2014 recorded a quarter-to-quarter decrease of 42.8%. The selling price during the same period also recorded a quarter-to-quarter decrease of 7.6% and a reduction of 1.5% as compared to the last corresponding period. It is expected that the residential property market in Shenyang will resume gradually and the transaction volume (in term of area) will also return to the rising trend gradually. However, the selling price of residential properties in Shenyang shall remain stable owing to the governmental policy. The Property Report also stated that the total retail sales of consumer goods in Shenyang for the year 2013 was approximately RMB318.6 billion, representing an increase of approximately 13.7% as compared to the previous year. However, the growth has been slowed down as compared to the previous year. For the first quarter of 2014, the vacancy rate of shopping mall in Shenyang was approximately 18.7%, representing a quarter-to-quarter increase of 0.5%. With the opening of new malls in 2014, it is expected that the vacancy rate of shopping malls in Shenyang will continue to increase.

We noted that the Trillion Earning Group had not timely filed the tax returns which may give rise to the payment of a penalty levied by the relevant PRC tax authorities, and that there are certain outstanding amounts owing to the Trillion Earning Group by the Vendor. However, given that the Vendor and Mr. Cheng will indemnify the Purchaser and the Trillion Earning Group against any tax liability resulting from or by reference to any income, profits or gains earned, accrued or received on or before Completion and shall procure the repayment of all outstanding amounts owing to any member of the Trillion Earning Group upon Completion, we consider that the risks associated with the potential penalty on untimely filing of tax returns and loans to the Vendor will be properly addressed.

Having considered that (i) the Acquisition shall enlarge the property profile and revenue of the Group, generate a reasonable rental yield, which is higher than the existing rental yield of the Group's investment properties in Hong Kong, and enable the Group to enjoy future capital appreciation of the Beijing Properties; (ii) the Disposal shall introduce the Vendor, which has extensive experience in real estate development in the PRC market (including Shenyang), as a partner in developing the Shenyang Properties and reduce the Group's capital commitment for the future development costs of the Shenyang Properties; (iii) the potential penalty on untimely filing of tax returns will be properly indemnified by the Vendor and Mr. Cheng; (iv) the Vendor and Mr. Cheng have undertaken to procure the repayment of all outstanding amounts owing to any member of the Trillion Earning Group upon Completion; and (v) the current liabilities of the Trillion Earning Group mainly comprise short-term borrowings used for financing the Beijing Properties and the recurring rental income of the Beijing Properties is expected to provide sufficient funding for the repayment of the short-term bank borrowings, the Directors consider, and we concur with their view, that the Acquisition and the Disposal are in the interests of the Company and the Shareholders as a whole despite the net current liability position of the Trillion Earning Group as at 31 March 2014.

5. Principal terms of the Agreement

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Share, being the entire issued share capital of Trillion Earning, for the Consideration of HK$481,545,488 (subject to adjustment), of which HK$9,986,315 has been paid in cash as deposit and the remaining balance shall be satisfied at Completion as to (i) HK$171,771,600 by the allotment and issue of the Consideration Shares by the Company to the Vendor or its nominee at an issue price of HK$0.66 each; (ii) HK$215,242,085 by the Disposal, being the transfer by the Purchaser of the Giant Eagle Shares, representing 42% of the issued share capital of Giant Eagle as at the date of the Agreement and at Completion, and the Giant Eagle Loans to the Vendor; and (iii) HK$84,545,488 in cash.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor based on (i) the consolidated net asset value of the Trillion Earning Group of approximately HK$481.5 million as at 31 May 2014 which includes the Beijing Properties stated at its preliminary valuation of approximately HK$557.0 million; (ii) the consolidated net asset value of the Giant Eagle Group attributable to the Giant Eagle Shares of approximately HK$3.5 million as at 31 May 2014 which includes the Shenyang Properties stated at a preliminary valuation of approximately RMB370.4 million (equivalent to approximately HK$463.0 million) as at 31 December 2013; and (iii) the face value of the Giant Eagle Loans (representing 42% of all the amounts owed by the Grant Eagle Group to the Purchaser) as at 31 May 2014 of approximately HK$153.3 million.

The Vendor has undertaken to provide the Purchaser with the Completion Accounts, which are expected to be prepared in accordance with the accounting standards and policies adopted by the Company, within 45 days from the date of Completion. If the consolidated net asset value of the Trillion Earning Group as shown in the Completion Accounts is less than that as shown in the management accounts as at 31 May 2014, the shortfall shall be deducted from the Consideration and any excess of the Consideration paid on Completion shall be returned in cash by the Vendor to the Purchaser within 15 Business Days from the date of the issue of the Completion Accounts. The final Consideration is not subject to a minimum amount. If the consolidated net asset value of the Trillion Earning Group as shown in the Completion Accounts is higher than that as shown in the management accounts as at 31 May 2014, the excess shall be added to the Consideration and payable in cash by the Purchaser to the Vendor within 15 Business Days from the date of the issue of the Completion Accounts. Notwithstanding this, the final Consideration shall not exceed HK$490,000,000. For the purposes of determining the net asset value for the aforesaid adjustments, an addendum to the Agreement was entered into on 6 August 2014 to clarify that the amount of any deferred taxation liability and all taxation liability in any relevant accounts shall be disregarded. Save for the aforesaid clarification, all other terms and conditions of the Agreement remain unchanged.

Pursuant to the Agreement, the Vendor has given a guarantee to the Purchaser that for each of the three calendar years from Completion, the Net Revenue as shown in the audited or the latest management accounts of Worldwide Properties shall not be less than HK$25.0 million. If the Net Revenue falls short of HK$25.0 million in any of these three calendar years, the Vendor shall on demand pay to the Purchaser the full amount of the shortfall in cash.

If the Net Revenue exceeds HK$25.0 million, a sum equal to the following percentages of the excess over HK$25.0 million shall be paid by the Purchaser to the Vendor after the issue of the audited or the latest management accounts of Worldwide Properties:

Amount of excess over HK$25.0 million	**To be paid to the Vendor**	**To be retained by the Purchaser**
Up to HK$500,000	70%	30%
HK$500,001 to HK$1,000,000	65%	35%
HK$1,000,001 to HK$1,500,000	60%	40%
HK$1,500,001 to HK$2,000,000	50%	50%
Over HK$2,000,000	40%	60%

The Net Revenue for each of the years ended 31 March 2012 and 2013 amounted to approximately HK$13.1 million and HK$15.5 million respectively.

Pursuant to the Acquisition Agreement, the Vendor and Mr. Cheng will also undertake at Completion jointly and severally to indemnify each member of the Trillion Earning Group and the Purchaser for any taxation liability arising from the gain on revaluation and/or sale or disposal of the Beijing Properties and/or resulting from or by reference to any income, profits or gains earned, accrued or received on or before Completion, including the potential penalty in relation to the late filing of tax returns. We understand from the management of the Company that the Trillion Earning Group intends to file the tax returns in the foreseeable future on a voluntary basis, and the amount of the potential penalty cannot be reliably estimated as the range of which is wide, from 50% to 500% of the unreported tax. The estimated maximum penalty, as calculated arithmetically based on 500% of the estimated unreported tax, amounts to approximately HK$28 million.

In addition, upon Completion, the Vendor shall procure that all sums (if any) owing to any member of the Trillion Earning Group by any of the Vendor and the directors of any member of the Trillion Earning Group or any of their associates be repaid.

6. Assessments on the Consideration of the Acquisition

To assess the fairness and reasonableness of the Consideration, we have considered the following factors:

(a) Valuation of the Beijing Properties

We have performed work as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the valuation of the Beijing Properties, including interviewing Prudential, the independent valuer for carrying out the valuation of the Beijing Properties, through telephone, as to its experience in valuing similar properties in the PRC and its relationships with the Company, other parties to the Acquisition and the Disposal, and core connected persons of either the Company or the Purchaser or the Vendor, and discussing with Prudential regarding its terms of engagement for the valuation, in particular to its scope of work. We noted that its scope of work was appropriate for it to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by Prudential in the valuation report.

We have also reviewed the valuation report of the Beijing Properties prepared by Prudential as set out in Appendix IV to the Circular and discussed with Prudential regarding the methodology, basis and assumptions adopted in arriving at the valuation of the Beijing Properties as at 2 July 2014. We noted that direct comparison approach assuming the property interest is capable of being sold in its existing state or with the benefit of vacant possession and by making reference to comparable sales evidence or offerings as available in the relevant market was adopted by Prudential in arriving at the open market value of the Beijing Properties. We have discussed with Prudential the selection criteria of, and reviewed, the comparable transactions used by Prudential for the valuation of the Beijing Properties and noted that all the comparable transactions are of similar grading, quality, design, facilities and management and located in vicinity of the Beijing Properties. As such, we consider that the comparable transactions used in valuing the Beijing Properties are reasonable and comparable to the Beijing Properties. Given the nature of use and other particulars of the Beijing Properties, Prudential considered that the direct comparison approach was the most appropriate valuation method in arriving at the valuation of the Beijing Properties. Moreover, Prudential advised us that such approach was in compliance with the standards and guidelines set out in the HKIS Valuation Standards on Properties (2012 Edition) published by the Hong Kong Institute of Surveyors and in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules. We also understand from Prudential that it had carried out on-site inspections, made relevant enquiries and searches for the purpose of the valuation and no irregularities were noted during the course of the valuation.

Given the valuation methodology applied by Prudential is normal and usual among professional asset valuers and is in compliance with the standards published by the Hong Kong Institute of Surveyors, we consider that the methodology and basis for determining the valuation of the Beijing Properties by Prudential is appropriate.

In light of the above and the fact that no unusual matters had come to our attention that led us to believe that the valuation of the Beijing Properties was not prepared on a reasonable basis, we are of the view that it is fair and reasonable for the Company to take into account the valuation of the Beijing Properties performed by Prudential in assessing the value of the Trillion Earning Group.

(b) Valuation of the Shenyang Properties

We have performed work as required under Note 1(d) to Rule 13.80 of the Listing Rules in respect of the valuation of the Shenyang Properties, including interviewing Prudential, the independent valuer for carrying out the valuation of the Shenyang Properties, through telephone, as to its experience in valuing similar properties in the PRC and independence and discussing with Prudential regarding its terms of engagement for the valuation, in particular to its scope of work. We noted that its scope of work was appropriate for it to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by Prudential in the valuation report.

We have also reviewed the valuation report of the Shenyang Properties prepared by Prudential as set out in Appendix V to the Circular and discussed with Prudential regarding the methodology, basis and assumptions adopted in arriving at the valuation of the Shenyang Properties as at 2 July 2014. We noted that direct comparison approach assuming the property interest is capable of being sold in its existing state or with the benefit of vacant possession and by making reference to comparable sales evidence or offerings as available in the relevant market was adopted by Prudential in arriving at the open market value of the Shenyang Properties. We have discussed with Prudential the selection criteria of, and reviewed, the comparable transactions used by Prudential for the valuation of the Shenyang Properties and noted that all the comparable transactions are of similar nature and located in vicinity of the Shenyang Properties. As such, we consider that the comparable transactions used in valuing the Shenyang Properties are reasonable and comparable to the Shenyang Properties. Given the nature of use and other particulars of the Shenyang Properties, Prudential considers that the direct comparison approach is the most appropriate valuation method in arriving at the valuation of the Shenyang Property. Moreover, Prudential advised us that such approach was in compliance with the standards and guidelines set out in the HKIS Valuation Standards on Properties (2012 Edition) published by the Hong Kong Institute of Surveyors and in compliance with the requirements as set out in Chapter 5 and Practice Note 12 of the Listing Rules. We also understand from Prudential that it had carried out on-site inspections and made relevant enquiries and searches for the purpose of the valuation and no irregularities were noted during the course of the valuation.

Given the valuation methodology applied by Prudential is normal and usual among professional asset valuers and is in compliance with the standards published by the Hong Kong Institute of Surveyors, we consider that the methodology and basis adopted by Prudential for determining the valuation of the Shenyang Properties is appropriate.

In light of the above and the fact that no unusual matters have come to our attention that lead us to believe that the valuation of the Shenyang Properties was not prepared on a reasonable basis, we are of the view that it is fair and reasonable for the Company to take into account the valuation of the Shenyang Properties performed by Prudential in assessing the value of the Giant Eagle Group.

(c) Valuation of the Trillion Earning Group

To assess the fairness and reasonableness of the Consideration, we have used various commonly adopted comparison approaches in evaluation of a company, namely the net assets approach, price-to-earnings approach and dividends approach. However, given that (i) the financial information of the Trillion Earning Group as set out in Appendix II to the Circular, in the opinion of BDO Limited, does not give a true and fair view of the combined results of the Trillion Earning Group for the year ended 31 March 2014 and we are unable to determine the effects of the non-compliance with HKAS 8 on the financial results of the Trillion Earning Group for each of the two years ended 31 March 2014; and (ii) no dividends were declared by Trillion Earning for the past two years, we consider that the price-to-earnings approach and the dividends approach are not applicable for assessing the value of the Trillion Earning Group and thus only the net assets approach has been adopted by us in assessing the value of the Trillion Earning Group.

As mentioned in Section 5 of this letter, the Consideration of HK$481,545,488 is subject to adjustment. If the consolidated net asset value of the Trillion Earning Group as shown in the Completion Accounts is less than that as shown in the management accounts as at 31 May 2014, the shortfall shall be deducted from the Consideration and any excess of the Consideration paid on Completion shall be refunded by the Vendor to the Purchaser. If the consolidated net asset value of the Trillion Earning Group as shown in the Completion Accounts is higher than that as shown in the management accounts as at 31 May 2014, the excess shall be added to the Consideration and payable by the Purchaser to the Vendor. As the Consideration will be in the same amount as the consolidated net asset value of the Trillion Earning Group as at the Completion date, the price-to-book ratio (the "PBR") of the Trillion Earning Group implied by the Consideration would be 1.0 times.

We have compared the PBR of the Trillion Earning Group implied by the Consideration with those of other comparable companies which (a) are currently listed on the Stock Exchange; (b) have over 50% of their turnover derived from the business of property investment; and (c) have market capitalization up to HK$963.0 million, which represents the range of 100% below and above the Consideration, as at the Latest Practicable Date. Based on the above-mentioned criteria, we have on our best effort, identified fourteen comparable companies (the "Acquisition

Comparables") as valuation benchmarks and we consider such Acquisition Comparables represent an exhaustive list of relevant comparable companies based on the said criteria and are fair and representative samples for assessing the fairness and reasonableness of the Consideration as their businesses are closely comparable to the business of the Trillion Earning Group and their major turnover was mainly derived from the business of property investment for their respective latest financial year. Set out in Table 1 below is a comparison of the PBRs of the Trillion Earning Group as implied by the Consideration and of the Acquisition Comparables as at the Latest Practicable Date.

Table 1 – PBRs of the Acquisition Comparables and the Trillion Earning Group

Company name (stock code)	**Principal business activities**	**Market capitalization** *HK$' million*	**PBR as at the Latest Practicable Date** *times*
Thiz Technology Group Limited (8119)	Property leasing, trading business and development and provision of Linux solutions	114.6	6.05
Zhong Hua International Holdings Limited (1064)	Property investment and development	201.4	0.24
Winfair Investment Company Limited (287)	Securities investments, property leasing and property development	284.0	0.41
Wing Lee Property Investments Limited (864)	Property investment	482.7	0.53
Grand Field Group Holdings Limited (115)	Investment holding, property development and property investment	298.7	1.5
China Sandi Holdings Limited (910)	Tree plantation and management, manufacture and distribution of forestry products and holding of property for investment	343.5	0.11
China Properties Investment Holdings Limited (736)	Properties investment and investing in mining activities	396.7	0.98

Company name (stock code)	Principal business activities	Market capitalization *HK$' million*	PBR as at the Latest Practicable Date *times*
Lifestyle Properties Development Limited (2183)	Property development and property investment	440.1	0.25
China Infrastructure Investment Limited (600)	Properties investment in Hong Kong, transportation and sales of natural pipelined gases and natural gas pipeline connections in the PRC	550.8	0.61
Wah Ha Realty Company Limited (278)	Investment holding, property development, investment and management	643.5	0.56
Dynamic Holdings Limited (29)	Property investment and development	798.6	0.43
VXL Capital Limited (727)	Property investment and hotel investment and operations	1,390.5	N/A *(Note)*
Dan Form Holdings Company Limited (271)	Property investment, property rental and estate management	1,060.2	0.22
Henry Group Holdings Limited (859)	Property leasing and development, provision of property agency and consultancy services and securities investment	646.4	0.33
	Minimum		0.11
	Maximum		6.05
	Average		0.94
the Trillion Earning Group	**Property investment**		**1.00**

Source: the website of the Stock Exchange

Note: Net liabilities were recorded by VXL Capital Limited as at the year-end date of its latest financial year.

As shown in Table 1, the PBRs of the Acquisition Comparables range from approximately 0.11 times to 6.05 times, with an average of approximately 0.94 times. The implied PBR of the Consideration of approximately 1.0 times falls within the range of the PBRs of the Acquisition Comparables and is slightly higher than the average PBR of the Acquisition Comparables of approximately 0.94 times. We noted that the PBR of Thiz Technology Group Limited is significantly greater than those of other Acquisition Comparables. However, given Thiz Technology Group Limited meets all the selection criteria for the Acquisition Comparables and no definitive reasons for the relatively high PBR were identified, we consider that it is fair and reasonable to include Thiz Technology Group Limited as one of the Acquisition Comparables.

The above comparison with the Acquisition Comparables is for illustrative purpose only as each of the Acquisition Comparables may not be entirely comparable to the Trillion Earning Group in terms of market capitalization, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. Therefore, in forming our opinion on the Acquisition, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Due to the aforementioned limitations in comparison approach, we have also considered to assess the value of the Trillion Earning Group by discounted cash flows method. However, given valuations using discounted cash flows method involve various subjective assumptions and parameters which may largely affect the value of the subject, we consider that it is inappropriate to use income approach to assess the value of the Trillion Earning Group.

Having considered that the implied PBR of the Consideration falls within the range of the PBRs of the Acquisition Comparables and is just slightly higher than the average PBR of the Acquisition Comparables, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

(d) Consideration Shares

Pursuant to the Agreement, HK$171,771,600 of the Consideration will be settled by way of the allotment and issue of 260,260,000 Consideration Shares, representing approximately 10.94% of the existing issued share capital of the Company and approximately 9.86% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares, at the issue price of HK$0.66 per Consideration Share, which represents:

(i) a premium of 3.13% over the closing price of the Shares of HK$0.64 each on the Latest Practicable Date;

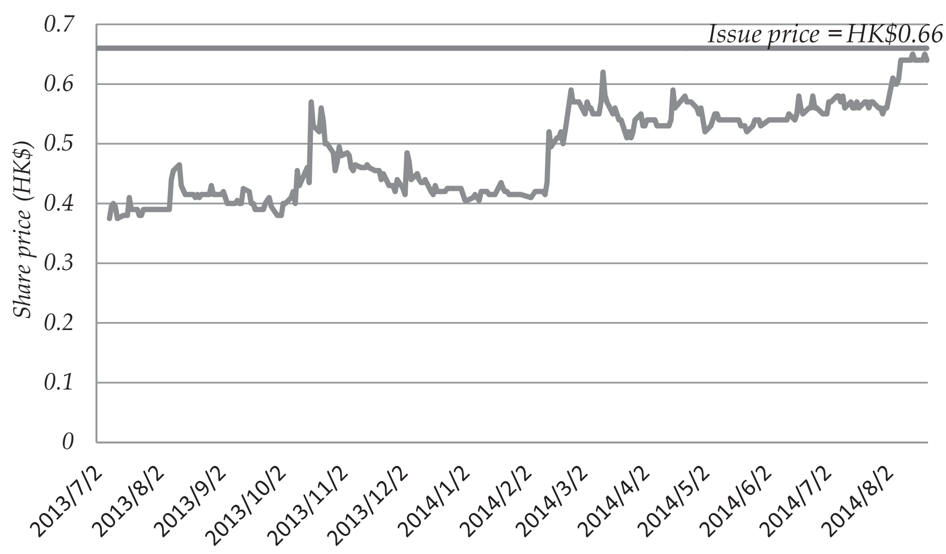
(ii) a premium of 20.0% over the closing price of the Shares of HK$0.55 each on 2 July 2014, being the date of the Agreement (the "Agreement Date");

(iii) a premium of approximately 17.9% over the average of the closing prices of the Shares of HK$0.56 each for the five trading days up to and including the Agreement Date; and

(iv) a discount of approximately 22.4% to the net asset value per Share of approximately HK$0.85 (based on the audited equity attributable to owners of the Company of approximately HK$1,788.8 million as at 31 December 2013 as disclosed in the annual report of the Company and 2,103,683,580 Shares in issue as at that date).

For the purposes of assessing the fairness and reasonableness of the issue price of the Consideration Shares, we have reviewed the movements in trading price of the Shares during the period from 2 July 2013 to the Latest Practicable Date, representing the whole-year period immediately preceding the Agreement Date and up to the Latest Practicable Date (the "Review Period").

Chart 1 – Closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

The trading of the Shares was suspended during 2 July 2013 and 7 July 2013, pending the release of an announcement in relation to the disposal of the entire equity interest in, and shareholder's loan due from, Yi Ming Investments Limited. On 8 July 2013, the trading of the Shares was resumed and the closing price was HK$0.375. The closing price of the Shares increased steadily to HK$0.465 on 12 August 2013 and then dropped gradually to HK$ 0.38 on 30 September 2013. The declining trend reversed subsequently and the closing price of the Shares rose to HK$0.57 on 17 October 2013. An announcement was published by the Company on the same day stating that the Company was in discussions with independent third parties for a possible subscription of convertible debt securities to be issued by an independent third party and a possible disposal of its interest in certain real estate in the PRC and the related receivables. Save for the possible transactions stated in the announcement, the Directors were not aware of any reason for the increase in the price of the Shares. Subsequent to the publication of the abovementioned announcement, the closing price of the Shares decreased gradually to HK$0.415 on 3 December 2013 with a short-term rise to HK$0.485 on 4 December 2013. The closing price of the Shares then continued to drop and fluctuated in the range of HK$0.405 and HK$0.475 until 12 February 2014. On 12 February 2014, the Company announced the possible acquisition of Jin Dragon Holdings Limited and the closing price of the Shares rose to HK$0.52 on 13 February 2014. The closing price of the Shares continued its rising trend and reached the short-term highest level of HK$0.62 on 12 March 2014. After that, the closing price of the Shares decreased gradually to HK$0.51 on 24 March 2014 and traded in the range of HK$0.51 and HK$0.55 during 25 March 2014 and 15 April 2014. The closing price of the Shares rebounded on 16 April 2014 and reached HK$0.59. Since then, the closing price of the Shares fluctuated in the range of HK$0.52 and HK$0.58 until 1 August 2014 and was HK$0.55 on the Agreement Date. On 4 August 2014, an announcement in relation to the potential acquisition of an overseas retail and duty-free business with an independent third party was released, the closing price rose from HK$0.6 to HK$0.64 on 8 August 2014. On 14 August 2014, the Company released a positive profit warning announcement in relation to an increase of expected unaudited profit attributable to owners of the Company for the six months ended 30 June 2014. Since then, the closing price fluctuated between HK$0.64 and HK$0.65. On the Latest Practicable Date, the closing price of the Shares was HK$0.64. The issue price of HK$0.66 is higher than the closing price of the Shares throughout the Review Period.

We have also reviewed the historical trading volume of the Shares during the Review Period. The average daily trading volume of the Shares, the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Review Period are shown in Table 2 below.

Table 2 – Historical average daily trading volume of the Shares

Month	**Average daily trading volume**	**% of average daily trading volume to the total number of Shares** *(Note 1)*	**% of average daily trading volume to the total number of Shares in public hands** *(Note 2)*
2013			
July	1,365,091	0.0577%	0.0954%
August	606,564	0.0256%	0.0424%
September	246,896	0.0104%	0.0172%
October	3,558,887	0.1504%	0.2486%
November	442,956	0.0187%	0.0309%
December	472,058	0.0199%	0.0330%
2014			
January	467,220	0.0197%	0.0326%
February	3,620,304	0.1530%	0.2529%
March	2,713,716	0.1147%	0.1896%
April	1,805,255	0.0763%	0.1261%
May	1,526,341	0.0645%	0.1066%
June	4,473,222	0.1890%	0.3125%
July	1,515,477	0.0640%	0.1059%
August *(Note 3)*	3,999,159	0.1690%	0.2793%

Source: the website of the Stock Exchange

Notes:

1. Calculated based on 2,366,283,580 Shares in issue as at the Agreement Date.

2. Calculated based on 1,431,656,112 Shares held in public hands as at the Agreement Date.

3. Represents trading volume for the period from 1 August 2014 to 21 August 2014. Trading of the Shares was halted from 13:00 on 4 August 2014 to 5 August 2014.

Table 2 demonstrates that during the period from July 2013 to August 2014, the average daily trading volume of the Shares was in the range of approximately 0.0104% to 0.1890% of the total number of issued Shares as at the Agreement Date and approximately 0.0172% to 0.3125% of the total number of Shares held in public hands as at the Agreement Date. The above statistics revealed that the liquidity of the Shares was very low.

Given that the issue price of the Consideration Shares (i) represents a premium of approximately 3.13% and 20.0% over the closing price of the Shares on the Latest Practicable Date and the Agreement Date respectively; (ii) lies above the closing price of the Shares throughout the Review Period; and (iii) the trading volume of the Shares during the Review Period was thin, we are of the view that the issue price of the Consideration Shares is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

(e) Valuation of the Giant Eagle Group

Pursuant to the Agreement, HK$215,242,085 of the Consideration (the "Disposal Consideration") will be settled by transferring the Giant Eagle Shares and the Giant Eagle Loans from the Purchaser to the Vendor.

In forming our opinion on the valuation of the Giant Eagle Group, we have considered the following comparison approaches, namely the net assets approach, price-to-earnings approach and dividends approach, which are commonly adopted in evaluation of a company. However, given that the Giant Eagle Group was loss-making for the year ended 31 December 2013 and no dividends were distributed by Giant Eagle in the past two years, we consider that the price-to-earnings approach and the dividends approach are not applicable for assessing the value of the Giant Eagle Group and thus only the net assets approach is adopted in assessing the value of the Giant Eagle Group.

Based on the unaudited consolidated management accounts of the Giant Eagle Group, the adjusted consolidated net asset value of the Giant Eagle Group attributable to the owners of Giant Eagle as at 31 May 2014 amounted to approximately HK$376.3 million, which was calculated based on the consolidated net asset value of the Giant Eagle Group attributable to owners of Giant Eagle of approximately HK$8.3 million as at 31 May 2014 and adjusted by (i) the aggregate amounts of the shareholder's loans owed by the Giant Eagle Group to the Purchaser of approximately HK$365.0 million as at 31 May 2014; and (ii) the revaluation surplus of the Shenyang Properties of approximately HK$3.0 million, which represents the difference between the valuation of the Giant Eagle Group's interest in the Shenyang Properties of HK$424.2 million as at 2 July 2014 and the carrying value of the Giant Eagle Group's interest in the Shenyang Properties of approximately HK$421.2 million in the accounts of the Giant Eagle Group as at 31 May 2014. Accordingly, the adjusted consolidated net asset value of the Giant Eagle Group attributable to the owners of Giant Eagle attributable to the Disposal is approximately HK$158.0 million and the PBR of the Giant Eagle Group implied by the Disposal Consideration of approximately HK$215.2 million is approximately 1.36 times.

We have compared the PBR of the Giant Eagle Group implied by the Disposal Consideration with those of other comparable companies which (a) are currently listed on the Stock Exchange; (b) have over 50% of their turnover derived from the business of property development; and (c) have market capitalization up to HK$430.4 million, which represents the range of 100% below and above the Disposal Consideration, as at the Latest Practicable Date. Based on the abovementioned criteria, we have, on our best effort, identified five comparable companies (the "Disposal Comparables") as valuation benchmarks and we consider such Disposal Comparables represent an exhaustive list of relevant comparable companies based on the said criteria and are fair and representative samples for assessing the fairness and reasonableness of the Disposal Consideration as their businesses are closely comparable to the business of the Giant Eagle Group and their major turnover was mainly derived from the business of property development for their respective latest financial year. Set out in Table 3 below is a comparison of the PBRs of the Giant Eagle Group as implied by the Disposal Consideration and the Disposal Comparables as at the Latest Practicable Date.

Table 3 – PBRs of the Disposal Comparables and the Giant Eagle Group

Company name (stock code)	**Principal business activities**	**Market capitalization** *HK$' million*	**PBR as at the Latest Practicable Date** *times*
South West Eco Development Limited (1908)	Property development, property leasing, building management services and provision for advisory and consultancy services	267.0	0.39
Ceneric (Holdings) Limited (542)	Property development	262.7	0.48
Paladin Limited (495)	Properties construction and redevelopment for sale purpose and completed investment properties held for capital appreciation purpose	304.2	N/A *(Note)*
Talent Property Group Limited (760)	Real estate development, property investment and property management	306.7	1.07
China Uptown Group Company Limited (2330)	Property development, property investment and trading of electronic related components, mobile phone modules and automation products	376.6	0.59
	Minimum		0.39
	Maximum		1.07
	Average		0.63
the Giant Eagle Group	**Property development**		**1.36**

Source: the website of the Stock Exchange

Note: The convertible redeemable preference shares of Paladin Limited is listed on the Stock Exchange with stock code 642. Given the rights of the convertible redeemable preference shares are different from those of the ordinary shares, we have not considered the convertible redeemable preference shares in the above analysis. In addition, net liabilities were recorded by Paladin Limited as at the year-end date for its latest financial year.

As shown in Table 3, the PBRs of the Disposal Comparables range from approximately 0.39 times to 1.07 times, with an average of approximately 0.63 times. The implied PBR of the Disposal Consideration of approximately 1.36 times is higher than the maximum PBR of the Disposal Comparables of approximately 1.07 times.

The above comparison with the Disposal Comparables is for illustrative purpose only as each of the Disposal Comparables may not be entirely comparable to the Giant Eagle Group in terms of market capitalization, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison. Therefore, in forming our opinion on the Disposal, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Having considered that the implied PBR of the Disposal Consideration is higher than the maximum PBR of the Disposal Comparables, we consider that the Disposal Consideration is fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

(f) Guarantee

The Vendor has given a guarantee to the Purchaser that for each of the three calendar years from Completion, the Net Revenue as shown in the audited or the latest management accounts of Worldwide Properties shall not be less than HK$25.0 million. If the Net Revenue falls short of HK$25.0 million in any of these three calendar years, the Vendor shall on demand pay to the Purchaser the full amount of the shortfall in cash. If the Net Revenue exceeds HK$25.0 million, a sum equal to certain percentage of the excess over HK$25.0 million shall be paid by the Purchaser to the Vendor after the issue of the audited or the latest management accounts of Worldwide Properties.

We were advised by the management of the Company that the guaranteed Net Revenue of HK$25.0 million was determined by the Vendor and the Purchaser with reference to the Net Revenue generated by the existing tenancy. Having considered that the guarantee shall enable the Purchaser to enjoy a minimum net rental yield of approximately 4.4%, which is higher than the existing rental yield of the Group's investment properties in Hong Kong, we consider that the revenue guarantee is in the interests of the Company and the Shareholders as a whole although the Purchaser has to share part of the excess revenue with the Vendor in the event that the annual Net Revenue for the relevant period exceeds HK$25.0 million.

7. Financial effects of the Acquisition and the Disposal

(a) Earnings

Upon Completion, Trillion Earning will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into the accounts of the Group while Giant Eagle will remain a 58%-owned subsidiary of the Company and its accounts will continue to be consolidated into the financial statements of the Company.

With reference to the audited financial information of the Trillion Earning Group as set out in Appendix II to the Circular, the profit of the Trillion Earning Group for the year ended 31 March 2014 attributable to owner of Trillion Earning amounted to approximately HK$409.2 million. According to the unaudited consolidated management accounts of the Giant Eagle Group, the loss of the Giant Eagle Group for the year ended 31 December 2013 attributable to the owners of Giant Eagle amounted to approximately HK$1.1 million. Therefore, had the Acquisition and the Disposal been completed on 1 January 2013, the profit of the Group attributable to the owners of the Company for the year ended 31 December 2013 would have increased.

(b) Cashflow

A total of HK$94,531,803 of the Consideration shall be paid in cash by the Purchaser to the Vendor, of which HK$9,986,315 has been paid as deposit and the balance of HK$84,545,488 shall be paid at Completion.

(c) Net asset value

With reference to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, had the Acquisition and the Disposal been completed on 31 December 2013, the net asset value of the Group attributable to the owners of the Company would have increased from approximately HK$1,788.8 million to approximately HK$2,007.6 million.

(d) Gearing

With reference to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular, had the Acquisition and the Disposal been completed on 31 December 2013, the total assets of the Group would have increased by approximately HK$473.4 million to approximately HK$3,439.0 while the total liabilities of the Group would have increased by approximately HK$246.0 million to approximately HK$1,150.1 million. As such, the gearing of the Group (as expressed as the ratio of total liabilities to total assets) would have increased from approximately 0.30 to approximately 0.33.

Based on the above analysis, we noted that the Acquisition and the Disposal would have a positive effect on the Group's earnings and net asset value but a negative effect on the cash position and gearing ratio of the Group. Having considered the reasons for entering into, and the terms of, the Acquisition Agreement, we are of the view that the adverse financial impact of the Acquisition and the Disposal in terms of cash position and gearing ratio is acceptable.

8. Potential dilution effect on shareholding of the Company

Pursuant to the Agreement, 260,260,000 Consideration Shares will be issued upon Completion, representing approximately 10.94% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 9.86% of the total issued share capital of the Company as enlarged by the Consideration Shares. The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon Completion and immediately after the allotment and issue of the Consideration Shares (assuming no other Shares are issued or repurchased before then) are set out in Table 4 below:

Table 4 – Shareholding structure of the Company

	As at the Latest Practicable Date		**Upon Completion and immediately after the allotment and issue of the Consideration Shares**	
	# of Shares	*%*	*# of Shares*	*%*
Well Success Investment Limited *(Note 1)*	664,677,468	27.94	664,677,468	25.18
Mr. Cheng *(Note 2)*	261,000,000	10.97	261,000,000	9.89
The Vendor *(Note 2)*	–	–	260,260,000	9.86
Mr. Chan Ting Chuen *(Note 3)*	8,950,000	0.37	8,950,000	0.34
Mr. Sze Sun Sun Tony *(Note 4)*	5,200,000	0.22	5,200,000	0.20
	939,827,468	39.50	1,200,087,468	45.47
Public Shareholders	1,439,216,112	60.50	1,439,216,112	54.53
	2,379,043,580	100.00	2,639,303,580	100.00

Notes:

1. As at the Latest Practicable Date, Well Success Investment Limited was directly interested in 664,677,468 Shares and was owned as to 40% by First Dynamic International Limited, 40% by Frensham Investments Limited and 20% by Mr. Chang Tsung Yuan.

2. The Vendor is a company wholly- and beneficially-owned by Mr. Cheng. The Vendor and Mr. Cheng will hold in aggregate 521,260,000 Shares, representing approximately 19.75% of the issued share capital of the Company, upon Completion.

3. Mr. Chan Ting Chuen is an executive Director and chairman of the Board. He was directly interested in 8,950,000 Shares and was a substantial shareholder of Royal Pacific Limited, which held more than one-third of the issued share capital of First Dynamic International Limited, as at the Latest Practicable Date.

4. Mr. Sze Sun Sun Tony is an executive Director and deputy chairman of the Board. He was directly interested in 5,200,000 Shares and was a substantial shareholder of Alexon International Limited, which held more than one-third of the issued share capital of First Dynamic International Limited, as at the Latest Practicable Date.

As shown in Table 4 above, the shareholding of the public Shareholders in the Company will be diluted from approximately 60.5% to approximately 54.5% upon Completion. However, taking into account that (i) the issue price of the Consideration Shares represents a premium over the closing price of the Shares on the Agreement Date and the Latest Practicable Date respectively; and (ii) the issue of the Consideration Shares shall enlarge the capital base of the Company and minimize the cash outflow of the Group for the Acquisition, we consider that the dilution effect to the shareholding of the Independent Shareholders is acceptable.

RECOMMENDATION

Having considered the principal factors and reasons stated above, we are of the view that the Acquisition and the Disposal are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favor of the resolution to be proposed at the SGM to approve the Acquisition and the Disposal.

Yours faithfully,
For and on behalf of
Hercules Capital Limited

Louis Koo
Managing Director

Amilia Tsang
Director

Notes:

1. Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.

2. Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013 respectively. All of these financial statements have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.symphonyholdings.com):

- annual report of the Company for the year ended 31 December 2011 published on 25 April 2012 (pages 34-159);
- annual report of the Company for the year ended 31 December 2012 published on 26 April 2013 (pages 32-151); and
- annual report of the Company for the year ended 31 December 2013 published on 30 April 2014 (pages 38-176).

2. INDEBTEDNESS STATEMENT

Borrowings and contingent liabilities of the Group

Borrowings

At the close of business on 30 June 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of HK$277 million. Details of the total borrowings are summarised below :

	The Group 30 June 2014 *HK$'million*
Secured	
Bank loans	84
Unsecured	
Bank loans	167
	251
Amounts due to joint ventures, unsecured and non-guaranteed	26
Total borrowings	277

The secured bank loans include loans of HK$84 million which are secured by certain land and buildings and investment properties of the Group with a total carrying amount of HK$360 million as at 30 June 2014. They are also covered by cross guarantees arrangement issued by the Company and certain of its subsidiaries in respect of banking facilities granted to them.

Contingent liabilities

Potential tax liabilities in connection with the dispute with Inland Revenue Department ("IRD") as at 30 June 2014, if any, are detailed below:

From 2008 to 2011, the IRD issued protective profits tax assessments for additional profits tax to certain wholly-owned subsidiaries of the Company relating to the years of assessment of 2001/2002 to 2004/2005, i.e. for the four financial periods ended 31 December 2004.

The Group had lodged objections with the IRD against the protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the relevant subsidiaries' purchases of tax reserve certificates ("TRCs") amounted to approximately HK$23 million. These TRCs were purchased and included in tax recoverable as at 31 December 2013 and 2012 in the 2013 Annual Report. In July and August 2012, the Group purchased additional TRCs amounted to HK$10.2 million relating to the year of assessment of 2004/05 at the request of IRD.

In December 2011, the Deputy Commissioner of the IRD issued his written determinations. Among others, he is of the view that the wholly-owned subsidiaries referred to above are subject to Hong Kong profits tax and confirmed/revised the protective profits tax assessments for 2001/2002 to 2004/2005 in the amount of approximately HK$306 million in aggregate. In January 2012, the Group filed notices of appeal to the Board of Review objecting to the written determinations the IRD issued in December 2011.

In March 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HK$90.5 million in aggregate in accordance with the written determinations referred to above to the wholly-owned subsidiaries concerned for the year of assessment 2005/2006. The Group had lodged objections with the IRD against these protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the Group purchasing TRCs amounting to HKD12 million which the Group did in July 2012.

The protective assessments issued by IRD according to his determination for additional profits tax in aggregate of HK$396.5 million mentioned above for the years of assessment from 2001/2002 to 2005/2006 were issued on three alternative bases on the same set of profits for each year of assessment.

In March 2011, the Group filed an application to the Court for a judicial review contending, inter alia, whether the IRD has the power to issue multiple assessments against different group companies for the same set of profits for the years of assessment of 2001/2002 to 2004/2005.

The judicial review proceedings were heard on the 1st and 2nd February of 2012. The judgment in respect of the judicial review was handed down in May 2012. Among others, the Group's application for relief to quash each of the assessments issued by the IRD and the conditional holdovers were not granted. The Court of First Instance held that the IRD can issue multiple assessments in respect of the same set of profits to different taxpayers on alternative bases, so long as there is no double recovery of tax.

In October 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HK$124.5 million in aggregate to the wholly-owned subsidiaries relating to the year of assessment from 2006/07 to 2009/10 on three alternative bases on the same set of profits for each year of assessment. The Group had lodged objections against the IRD regarding these protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the Group's purchasing TRCs amounting to HK$6.9 million which was done by the Group in January 2013.

Based on the mode of operations and activities of the subsidiaries and the merit of the Group's position as assessed by its tax counsel and tax advisor, the Directors are of the opinion that the group companies concerned are not subject to Hong Kong profits tax.

The Group's appeal to the Board of Review is pending. The eventual outcome of this action which is being handled by the Group's tax counsel and tax advisor, and the financial impact thereof on the Group, if any, cannot be readily ascertained at this stage.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, non-guaranteed, secured or unsecured guarantees or other material contingent liabilities at the close of business on 30 June 2014.

Borrowings and contingent liabilities of the Trillion Earning Group

Borrowings

At the close of business on 30 June 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Trillion Earning Group had total borrowings of HK$159 million. Details of the total borrowings are summarised below :

	The Trillion Earning Group 30 June 2014 *HK$'million*
Secured	
Bank loans	159

The secured bank loans are secured by the investment properties of the Trillion Earning Group with carrying amount of HK$562 million as at 30 June 2014 and are covered by guarantee arrangements issued by Mr. Cheng and his spouse and the related companies which are beneficially owned and controlled by Mr. Cheng.

Contingent liabilities

At the close of business on 30 June 2014, the Trillion Earning Group had not filed the tax returns for corporate income tax in the PRC in respect of its income derived from the PRC prior to 31 March 2014. Accordingly, the PRC tax authority has the right to levy penalty for late filing of the tax returns. The Trillion Earning Group intended to file the tax return in the foreseeable future on a voluntary basis, and the amount of the potential penalty cannot be reliably estimated as the range of which is wide, from 50% to 500% of the unreported tax. The estimated maximum penalty, as calculated arithmetically based on 500% of the estimated unreported tax, amounted to approximately HK$28 million. Based on the experience of the sole director of Trillion Earning, the amount of such penalty, if any, will not be material and therefore will not significantly affect the Trillion Earning Group's financial position. Accordingly, no provision for such penalty was made.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Trillion Earning Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, non-guaranteed, secured or unsecured guarantees or other material contingent liabilities at the close of business on 30 June 2014.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Acquisition and the Disposal, the present financial resources and the banking facilities presently available, the Enlarged Group will have sufficient working capital to meet its requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. 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 2013, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The principal activities of the Enlarged Group are (i) retailing and sourcing; (ii) property investment and holding in Hong Kong and the PRC; (iii) management and operation of outlet mall in the PRC; (iv) provision of financial services including securities brokerage, margin financing, underwriting and placing, consulting and money lending; and (v) development and management of the "PONY" brand.

As mentioned in the annual report of the Company for the year ended 31 December 2013, the Company had made some important strategic decisions to exit the shoe manufacturing operation, and to re-direct its effort to other potential profitable business ventures such as outlet mall investment cum management services, and provision of financial services. Insofar as property development in the PRC is concerned, the Company is actively seeking collaboration with experienced property developer to co-develop the sizable residential and commercial land in Shenbei New District, Shenyang, Liaoning Province, the PRC.

The Acquisition will not only provide an immediate and reasonable rental income source for the Enlarged Group, but will also enable the Enlarged Group to enjoy potential land value appreciation of the Beijing Properties. The Acquisition will also open the doorway to the Vendor who is experienced in property investment in the PRC to develop the Shenyang Properties as a synergistic partner.

Future plans on the Beijing Properties

The Company reckoned that the Beijing Properties would bring about a guaranteed, recurring, and reliable rental income source for at least three years, and that the general leasing/real estate markets at the Junefield Plaza and in the vicinity have been well-established and stable with potential growth in their real estate value.

Besides, the Beijing Properties are part and parcel of a commercial office building within Junefiled Plaza, hence it would be the intention of the Company to hold them as investment in the medium term unless there is a willing buyer offering an attractive price that will allow the Company to dispose of them with a significant gain.

If individual owners of the office building (or parties other than owners) for some reasons agreed to a buyout, or decided to jointly re-develop the office building and the entire plaza, the Company would seriously consider their position in due course.

Future plans on the Shenyang Properties

Shenyang Properties consist of 2 lots of adjoining residential land totaling about 138,687 sq.m., and a lot of commercial land of about 55,101 sq.m. located at North of Puheda Road Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the PRC.

The Company has been actively locating partners with real estate development background in the PRC to co-develop the said properties. Based on the Company's preliminary plans, the Shenyang Properties could, within the next 3 to 5 years, materialise into a sizable residential compound right next to a several-years-old outlet mall cum some high-rise service apartments.

The residential land available would give rise to a total gross floor area ("GFA") of up to 264,100 sq.m. which can accommodate a property-mix consisting of high rise/mid rise residential blocks, detached/undetached bungalows in a serene environment. Subject to the general market dynamics in the upcoming future, the residential units are meant for sale over a period of time to reap substantial monetary gain to the Company.

The Company is also planning to allocate about 40,000 sq.m. of the possible 110,201 sq.m. commercial GFA as Park Outlets West Zone, and the remaining commercial GFA would be turned into service apartments.

Park Outlets West Zone is an extension of the current Park Outlets that opened in 2012. Growing popularity in the area has called for more brand name products in response to the market demand. Therefore, the Company decides to execute the extension plan.

Although part of the Consideration will be funded by internal resources, the Directors expect that the Enlarged Group's financial position will remain solid. The Enlarged Group will remain committed to its objectives of maintaining a healthy growth rate in earnings and a solid financial profile. In view of the above, the Directors are optimistic about the trading prospects of the Enlarged Group.

6. RECONCILIATION STATEMENT OF THE VALUE OF THE BEIJING PROPERTIES

To comply with the Listing Rules, the Company has engaged an independent property valuer to value the Beijing Properties. Details of the property valuation report are set out in Appendix IV to this circular. Disclosure of the reconciliation of the net book value and the valuation as required under Rule 5.07 of the Listing Rules is set out below:

	HK$'000
Net book value of the Beijing Properties as at 31 March 2014	559,121
Valuation surplus	2,754
Net book value of the Beijing Properties as at 2 July 2014	561,875 *(note)*

Note: As set out in Appendix IV to this circular, the Beijing Properties are valued at RMB449.5 million (equivalent to approximately HK$561.9 million) as at 2 July 2014.

1. FINANCIAL INFORMATION OF THE TRILLION EARNING GROUP

A. ACCOUNTANT'S REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.

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25 August 2014

The Board of Directors
Symphony Holdings Limited

Dear Sirs,

We set out below our report on the financial information of Trillion Earning Limited ("Trillion Earning") and its subsidiary (hereinafter collectively referred to as the "Trillion Earning Group") which comprises the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Trillion Earning Group for the years ended 31 March 2012, 2013 and 2014 (the "Relevant Periods"), and the combined statements of financial position of the Trillion Earning Group as at 31 March 2012, 2013 and 2014 and the statements of financial position of Trillion Earning as at 31 March 2013 and 2014 and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), for inclusion in the circular issued by Symphony Holdings Limited (the "Company") dated 25 August 2014 (the "Circular") in connection with the acquisition of the entire equity interest in Trillion Earning by the Company.

Trillion Earning was incorporated in the British Virgin Islands (the "BVI") with limited liability on 6 March 2013.

At the date of this report, Trillion Earning directly owned 100% equity interest in Worldwide Properties Limited (the "Subsidiary"). The Subsidiary was incorporated in Hong Kong with limited liability on 24 September 2004 and is engaged in property investment and letting in the People's Republic of China (the "PRC") during the Relevant Periods. The financial statements of Trillion Earning for the period from 6 March 2013 (date of incorporation) to 31 March 2014 and the statutory financial statements of the Subsidiary for the each of the years ended 31 March 2012, 2013 and 2014 were audited by AR CPA Limited.

Pursuant to the group reorganisation as described in Note 2 of Section C below, which was completed on 27 June 2014, Trillion Earning has become the holding company of the Subsidiary now comprising the Trillion Earning Group (the "Reorganisation").

For the purpose of this report, the sole director of Trillion Earning has prepared the Trillion Earning Group's combined financial statements (the "Underlying Financial Statements") for the Relevant Periods, in accordance with the basis of preparation set out in Note 3 of Section C below and the accounting policies set out in Note 6 of Section C below which conform with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the sole director of Trillion Earning based on the Underlying Financial Statements with no adjustment made thereon and in accordance with the basis of preparation set out in Note 3 of Section C below.

The sole director of Trillion Earning is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with the basis of preparation set out in Note 3 of Section C below and the accounting policies set out in Note 6 of Section C below, the disclosure requirements of the Hong Kong Companies Ordinance, Cap.32 by operation of the transitional and saving provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap.622 and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and for such internal control as the sole director of Trillion Earning determines is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the Financial Information presented in this report and the contents of the Circular in which this report is included. Our responsibility is to form an opinion on the Financial Information based on our procedures and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Financial Information and carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Basis for Adverse Opinion

As stated in Note 3 of Section C below, the measurement of investment properties changed from cost model to fair value model during the year ended 31 March 2014 and the Trillion Earning Group's investment properties as at 31 March 2014 were stated at fair value in accordance with Hong Kong Accounting Standard 40 "Investment Properties" ("HKAS 40"). According to Hong Kong Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("HKAS 8"), the Trillion Earning Group should apply fair value model retrospectively to measure the investment properties as at 31 March 2011, 2012 and 2013. However, the Trillion Earning Group's investment properties as at 31 March 2011, 2012 and 2013 were stated at cost. The effects on the Financial Information of the above departures from HKAS 8 are material and pervasive. In addition, as the relevant information regarding the fair value of these investment properties as at 31 March 2011, 2012 and 2013 was not made available to us, it is not practicable for us to determine the effects of such departures on the Financial Information.

Adverse Opinion in Respect of the Financial Information

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the Financial Information, for the purpose of this report, prepared on the basis set out in Note 3 of Section C below and in accordance with the accounting policies in Note 6 of Section C below, does not give a true and fair view of the combined state of affairs of the Trillion Earning Group as at 31 March 2012 and 2013, and of the combined results of the Trillion Earning Group for each of the years ended 31 March 2012, 2013 and 2014.

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis set out in Note 3 of Section C below and in accordance with the accounting policies in Note 6 of Section C below, gives a true and fair view of the state of affairs of Trillion Earning as at 31 March 2013 and 2014 and the combined state of affairs of the Trillion Earning Group as at 31 March 2014, and of the combined cash flows of the Trillion Earning Group for each of the years ended 31 March 2012, 2013 and 2014.

B. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

		Year ended 31 March		
		2012	**2013**	**2014**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*9*	13,095	15,487	22,330
Interest income	*10*	563	590	–
Operating expenses		(1,954)	(2,227)	(2,443)
Interest expense		(2,404)	(3,174)	(2,556)
Fair value gain on investment properties	*16*	–	–	437,934
Profit before income tax	*11*	9,300	10,676	455,265
Income tax expense	*12*	(1,309)	(1,549)	(46,026)
Profit for the year attributable to owner of Trillion Earning		7,991	9,127	409,239
Item that will be reclassified subsequently to profit or loss, net of tax:				
Exchange differences arising on translation of foreign operations		4,137	1,739	(128)
Total comprehensive income for the year attributable to owner of Trillion Earning		12,128	10,866	409,111

Combined Statements of Financial Position

		As at 31 March		
		2012	**2013**	**2014**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current asset				
Investment properties	*16*	119,576	121,315	559,121
Current assets				
Accounts receivable	*17*	809	1,028	1,338
Amount due from a related company	*18*	32,842	33,428	–
Amount due from the sole director	*18*	561	4,060	–
Bank balances	*19*	9,699	376	2,337
Total current assets		43,911	38,892	3,675
Current liabilities				
Accrued liabilities and other payables	*20*	2,255	3,331	6,928
Amounts due to related companies	*18*	9,784	9,284	–
Amount due to the sole director	*18*	–	–	5,012
Current tax liabilities		1,309	2,858	5,091
Interest-bearing bank borrowings, secured	*21*	16,271	42,373	26,695
Total current liabilities		29,619	57,846	43,726
Net current assets/(liabilities)		14,292	(18,954)	(40,051)
Total assets less current liabilities		133,868	102,361	519,070
Non-current liabilities				
Interest-bearing bank borrowings, secured	*21*	114,746	72,373	45,678
Deferred tax liabilities	*22*	–	–	43,793
Total non-current liabilities		114,746	72,373	89,471
NET ASSETS		19,122	29,988	429,599
EQUITY				
Equity attributable to owner of Trillion Earning				
Share capital	*23*	–	–	–
Reserves		19,122	29,988	429,599
TOTAL EQUITY		19,122	29,988	429,599

Statements of Financial Position

		As at 31 March	
		2013	**2014**
	Notes	*HK$'000*	*HK$'000*
LIABILITIES			
Current liabilities			
Accrued liabilities	*20*	–	14
Amount due to the sole director	*18*	7	7
TOTAL LIABILITIES		7	21
EQUITY			
Equity attributable to owner of Trillion Earning			
Share capital	*23*	–	–
Accumulated losses		7	21
TOTAL EQUITY		7	21

Combined Statements of Changes in Equity

	Share capital *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	(Accumulated losses)/ Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2011	–	–	20,013	(17,443)	2,570
Comprehensive income					
Profit for the year	–	–	–	7,991	7,991
Other comprehensive income					
Exchange differences arising on translation of foreign operations	–	–	4,137	–	4,137
Total comprehensive income for the year	–	–	4,137	7,991	12,128
Transactions with owner					
Distribution to owner	–	–	–	(3,213)	(3,213)
Capital contribution by owner#	–	7,637	–	–	7,637
	–	7,637	–	(3,213)	4,424
At 31 March 2012 and 1 April 2012	–	7,637	24,150	(12,665)	19,122
Comprehensive income					
Profit for the year	–	–	–	9,127	9,127
Other comprehensive income					
Exchange differences arising on translation of foreign operations	–	–	1,739	–	1,739
Total comprehensive income for the year	–	–	1,739	9,127	10,866
Transaction with owner					
Capital contribution to the Subsidiary*	–	–	–	–	–
At 31 March 2013 and 1 April 2013	–	7,637	25,889	(3,538)	29,988
Comprehensive income					
Profit for the year	–	–	–	409,239	409,239
Other comprehensive income					
Exchange differences arising on translation of foreign operations	–	–	(128)	–	(128)
Total comprehensive income for the year	–	–	(128)	409,239	409,111
Transaction with owner					
Payment of dividends to shareholders of the Subsidiary *(Note 13)*	–	–	–	(9,500)	(9,500)
At 31 March 2014	–	7,637	25,761	396,201	429,599

The capital contribution represents the rental income in respect of the period before 14 June 2011 received by the Subsidiary from Hongasteel (Xiamen) Technology Co., Ltd..

* On 20 March 2013, the Subsidiary issued and allotted 99 shares at par for HK$99 to Mr. Cheng Tun Nei, who is the beneficial owner of the Subsidiary.

Combined Statements of Cash Flows

		Year ended 31 March		
		2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities				
Profit before income tax		9,300	10,676	455,265
Adjustments for:				
Interest income	10	(563)	(590)	–
Interest expense		2,404	3,174	2,556
Fair value gain on investment properties	16	–	–	(437,934)
Operating cash flows before working capital changes		11,141	13,260	19,887
Increase in accounts receivable		(809)	(219)	(310)
Increase in accrued liabilities and other payables		2,177	1,076	3,597
Net cash generated from operating activities		12,509	14,117	23,174
Cash flows from investing activities				
Repayments from a related company		–	–	32,334
(Advances to)/repayments from the sole director		(561)	(3,499)	4,060
Interest received		55	4	1,094
Net cash (used in)/generated from investing activities		(506)	(3,495)	37,488
Cash flows from financing activities				
Capital contribution by owner		7,637	–	–
Repayments to related companies		(3,600)	(500)	(9,284)
(Repayments to)/advances from the sole director		(62,025)	–	5,012
Proceeds from interest-bearing bank borrowings		70,000	–	–
Repayments of interest-bearing bank borrowings		(12,119)	(16,271)	(42,373)
Interest expense paid		(2,404)	(3,174)	(2,556)
Payment of dividends to the then shareholders of the Subsidiary		–	–	(9,500)
Net cash used in financing activities		(2,511)	(19,945)	(58,701)
Net increase/(decrease) in cash and cash equivalents		9,492	(9,323)	1,961
Cash and cash equivalents at beginning of year		207	9,699	376
Cash and cash equivalents at end of year		9,699	376	2,337

C. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Trillion Earning is incorporated in the BVI with limited liability and its registered office is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

Trillion Earning is principally engaged in investment holding. The principal activity of the Subsidiary is property investment and letting in Beijing, the PRC.

Pursuant to an agreement entered into between the Subsidiary and Hongasteel Technology Co., Ltd. ("Hongasteel"), which is beneficially owned and controlled by Mr. Cheng Tun Nei ("Mr. Cheng") who is the beneficial owner of the Subsidiary (see below section 2.1), the right to all rental income received together with obligations of the associated liabilities including any tax liability derived from the Subsidiary's investment properties prior to 14 June 2011 were assigned from the Subsidiary to Hongasteel. The arrangement in substance represents a distribution to owner equal to the value of the rental income less the associated liabilities. Accordingly, the Subsidiary recognised the rental income and the in substance distribution prior to 14 June 2011. Any rental income prior to 14 June 2011 refunded is deemed as capital contribution to the Subsidiary.

2. GROUP REORGNISATION AND BASIS OF PRESENTATION

Pursuant to the Reorganisation carried out by the Trillion Earning Group and completed on 27 June 2014 to rationalise the structure of the Trillion Earning Group, Trillion Earning has become the holding company of the Subsidiary now comprising the Trillion Earning Group. This was accomplished by the following steps:

(i) On 6 March 2013, Trillion Earning was incorporated in the BVI and issued and allotted one share at par to GoldSilk Capital Limited, which is wholly owned by Mr. Cheng.

(ii) On 20 March 2013, the Subsidiary issued and allotted 99 shares to Mr. Cheng. Prior to such issue of shares, the only one issued share of the Subsidiary was held by Ms. Li Wa Hei ("Ms. Li"), who is the spouse of Mr. Cheng, and they acted collectively in making all decisions over the Subsidiary.

(iii) On 9 May 2014, the Subsidiary issued and allotted additional 9,900 new shares to Trillion Earning at par value.

(iv) On 27 June 2014, 100 shares of the Subsidiary held by Mr. Cheng and Ms. Li were transferred to Trillion Earning at par value.

Upon completion of the above steps, Trillion Earning had a 100% equity interest in the Subsidiary.

As part of the Reorganisation, Trillion Earning was inserted between Mr. Cheng and the Subsidiary. In the context of HKFRS 3, both Trillion Earning and the Subsidiary are not considered as businesses. Hence, the Reorganisation is not a business combination under HKFRS 3. The Trillion Earning Group is regarded as a continuing entity resulting from the Reorganisation. The Financial Information has therefore been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the years. Accordingly, the results and cash flows of the Trillion Earning Group for the years include the results and cash flows of the Subsidiary. The combined statements of financial position as at each reporting date are a combination of the statements of financial position of Trillion Earning and the Subsidiary at the reporting date using their existing book values.

The Financial Information is presented in Hong Kong Dollars ("HK$") and the functional currency of Trillion Earning is Renminbi, and all values are rounded to the nearest thousands, except when otherwise indicated.

3. BASIS OF PREPARATION

The Financial Information set out in this report has been prepared in accordance with the below accounting policies, which conform with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 32 by operation of the transitional and saving provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap.622 and Listing Rules, except for the departures from the requirements under HKAS 8 as set out below.

Non-compliance with HKAS 8

The measurement of investment properties changed from cost model to fair value model during the year ended 31 March 2014, which would provide more appropriate and relevant information about the Trillion Earning Group's financial position. The Trillion Earning Group's investment properties as at 31 March 2014 were stated at fair value in accordance with HKAS 40. According to HKAS 8, the Trillion Earning Group should apply fair value model retrospectively to measure the investment properties as at 31 March 2011, 2012 and 2013. However, the Trillion Earning Group's investment properties as at 31 March 2011, 2012 and 2013 were stated at cost. This is because the sole director of the Trillion Earning Group considers that measurement of these investment properties as at 31 March 2011, 2012 and 2013 at fair value would involve expense or delay out of proportion to the value to the shareholder of Trillion Earning.

The Financial Information has been prepared under the historical cost basis except for investment properties which are measured at fair value as explained in the accounting policies set out in Note 6 of the Section C below.

4. GOING CONCERN

The Trillion Earning Group's current liabilities exceed its current assets by HK$40,051,000 as at 31 March 2014.

The Financial Information has been prepared under the going concern basis as Trillion Earning's beneficial owner who is also its sole director, Mr. Cheng, has agreed to provide continue financial support to the Trillion Earning Group to meet its obligations as and when they fall due. Mr. Cheng believes the Trillion Earning Group should be able to obtain sufficient finance to meet its financing commitments and are of the opinion that it is appropriate to prepare the Financial Information on a going concern basis.

5. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSS

At the date of this report, the HKICPA has issued the following new or amended HKFRSs that have been issued but are not yet effective and are potentially relevant to the Trillion Earning Group, and have not been early adopted by the Trillion Earning Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
HK (IFRIC) 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legal enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation occurs.

The Trillion Earning Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Trillion Earning Group' s results of operations and financial position.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of combination

The Financial Information incorporates the financial statements of Trillion Earning and the Subsidiary. All significant intra-group balances and transactions within the Trillion Earning Group are eliminated on combination in full.

(b) Subsidiary

A subsidiary is an investee over which Trillion Earning is able to exercise control. Trillion Earning controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

(c) Foreign currencies translation

Transactions entered into by the Trillion Earning Group's entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

On combination, income and expense items of foreign operations are translated into the presentation currency of the Trillion Earning Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Trillion Earning Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

(d) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. For the years ended 31 March 2012 and 2013, investment properties are stated at cost which does not comply with HKAS 8, details of which are set out in Note 3 of Section C above.

(e) Leasing

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

The Trillion Earning Group as lessor

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

(f) Financial Instruments

Financial assets and financial liabilities are recognised when the Trillion Earning 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 and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities as appropriate, on initial recognition.

(i) Financial assets

Loans and receivables

The Trillion Earning Group's financial assets are categorised as loan and receivables which mainly include accounts receivable, amount due from a related company, amount due from the sole director and bank balances. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each of the Relevant Periods subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

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

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

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

– significant changes in the technical, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For loans and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) *Financial liabilities and equity*

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Trillion Earning Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including accrued liabilities and other payables, amounts due to related companies, amount due to the sole director, current tax liabilities and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Equity instruments

Equity instruments issued by Trillion Earning and the Subsidiary are recorded at the proceeds received, net of direct issue costs.

(iii) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense respectively over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability respectively, or where appropriate, a shorter period.

(iv) *Derecognition*

The Trillion Earning Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when, and only when, the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Revenue recognition

The Trillion Earning Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Trillion Earning Group and specific criteria have been met for each of the Trillion Earning Group's activities.

Rental income is recognised in accordance with the Trillion Earning Group's accounting policy for leases set out in Note 6(e) above.

Interest income is recognised using the effective interest method.

(h) Cash and cash equivalents

Cash and cash equivalents comprise deposits at banks and, for the purpose of combined statements of cash flows, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(i) Taxation

Taxation represent the sum of current tax and deferred tax.

(i) Current tax

The tax currently payable in respect of operations in the PRC is based on the gross rental income for each of the Relevant Periods. The Trillion Earning Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each of the Relevant Periods.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and 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 deductible temporary differences can be utilised. Such 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.

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

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Trillion Earning Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Related parties

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

(i) has control or joint control over the Trillion Earning Group;

(ii) has significant influence over the Trillion Earning Group; or

(iii) is a member of key management personnel of the Trillion Earning Group.

(b) An entity is related to the Trillion Earning Group if any of the following conditions apply:

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

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

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; or

(iii) dependents of that person or that person's spouse or domestic partner.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Trillion Earning Group's accounting policies, the sole director of Trillion Earning is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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.

Fair value measurement

The Trillion Earning Group's investment properties require measurement at, and disclosure of, fair value.

The fair value measurement utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);
Level 2: Observable direct or indirect inputs other than Level 1 inputs;
Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detailed information in relation to the fair value measurement of the Trillion Earning Group's investment properties, please refer to Note 16.

8. SEGMENT INFORMATION

The Trillion Earning Group's operating segment is structured and managed according to the nature of its operation. No segment reporting information is shown as the Trillion Earning Group is only engaged in property investment and letting in the PRC.

9. TURNOVER

Turnover represents gross rental income from investment properties of the Trillion Earning Group for the Relevant Periods.

10. INTEREST INCOME

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Bank interest income	27	–	–
Interest income from related companies *(Note 25)*	536	590	–
	563	590	–

11. PROFIT BEFORE INCOME TAX

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax is arrived at after charging:			
Auditor's remuneration	17	17	8
Direct operating expenses arising from investment properties that generated rental income during the Relevant Periods	1,561	2,197	2,396

During the Relevant Periods, the Trillion Earning Group has not incurred any staff costs including director's remuneration, and therefore no information of the five highest paid individuals is disclosed in the Financial Information.

12. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Trillion Earning Group does not have any income assessable to Hong Kong Profits Tax purpose for the Relevant Periods.

The income tax provision of the Trillion Earning Group in respect of operations in the PRC has been calculated at the applicable tax rate of 10% on the gross rental income for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof.

	Year ended 31 March		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Current tax – PRC			
– Tax for the year	1,309	1,549	2,233
Deferred tax *(Note 22)*	–	–	43,793
	1,309	1,549	46,026

Up to the date of this report, the Trillion Earning Group has not filed the tax returns for corporate income tax in the PRC in respect of its income derived from the PRC for the Relevant Periods. Accordingly, the PRC tax authority has the right to levy penalty for late filing of the tax returns. The Trillion Earning Group intends to file the tax return in the foreseeable future on a voluntary basis, and the amount of the potential penalty cannot be reliably estimated as the range of which is wide, from 50% to 500% of the unreported tax. The estimated maximum penalty, as calculated arithmetically based on 500% of the estimated unreported tax, amounted to approximately HK$Nil, HK$9 million, HK$17 million and HK$28 million, respectively, as at 31 March 2012, 2013 and 2014, and at the date of this report. Based on the experience of the sole director of Trillion Earning, the amount of such penalty, if any, will not be material and therefore will not significantly affect the Trillion Earning Group's financial position. Accordingly, no provision for such penalty was made in the Financial Information.

13. DIVIDEND

No dividend has been paid or declared by Trillion Earning since its date of incorporation.

The dividend during each of the Relevant Periods represented those dividend declared and paid by the Subsidiary to the then shareholders of the Subsidiary. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of this report due to the Reorganisation and the preparation of the results for the Relevant Periods on a combined basis as described in Note 2 above.

14. PROFIT FOR THE RELEVANT PERIODS ATTRIBUTABLE TO THE SOLE SHAREHOLDER OF TRILLION EARNING

Profit attributable to the sole shareholder for the years ended 31 March 2013 and 2014 include a loss of HK$7,000 and HK$14,000, respectively, which has been dealt with in the financial statements of Trillion Earning.

15. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this Financial Information, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods on a combined basis as described in Note 2 above.

16. INVESTMENT PROPERTIES

The Trillion Earning Group	**Year ended 31 March**		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of year	115,439	119,576	121,315
Fair value gain	–	–	437,934
Exchange realignment	4,137	1,739	(128)
At the end of year	119,576	121,315	559,121

The Trillion Earning Group's investment properties as at 31 March 2012 and 2013 were stated at cost, rather than being consistently stated at fair value in accordance with HKAS 8.

The fair value of the Trillion Earning Group's investment properties at 31 March 2014 have been carried out by Savills (Beijing) Valuation and Professional Services Limited, an independent firm of professional valuers who hold recognised and relevant professional qualifications and have recent experience in the similar category of investment properties at nearby location of the Trillion Earning Group being valued.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance for the year ended 31 March 2014 is set out in the above table.

The fair value of the Trillion Earning Group's investment properties at 31 March 2014 have been determined by applying a combination of income approach and direct comparison approach, in view of the lack of executed transactions of comparable properties in local real estate market.

Valuation approach	**Weight**	**Fair value**
Income approach *(Note a)*	40%	HK$524,320,000
Direct comparison approach *(Note b)*	60%	HK$582,317,000

Note a: Income approach

Fair value determined by applying the income approach took into account the future net earnings that the investment properties will generate after taking into account of operating expenses but before the deduction of taxes and interest payments, which are then discounted into the value at appropriate capitalisation rate. The capitalisation rate is a required rate of return, adjusted for growth rate.

Significant unobservable inputs	**Range**
Capitalisation rate	5.4%
Growth rate	3%

The higher the rate of return, the lower the fair value, while the higher of the growth rate, the higher the fair value.

Note b: Direct comparison approach

Fair value is determined by reference to market evidence of quote prices for similar properties at nearby locations.

Significant unobservable inputs	**Range**
Market unit sale rate (HK$/sq. meter)	53,078-62,040

A significant increase/(decrease) in the market unit sale rate would result in a significant increase/(decrease) in fair value of the investment properties.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Change in unrealised gain for the year included in profit or loss for investment properties held at 31 March 2014 amounted to HK$437,934,000 (2012 and 2013: HK$Nil).

The Trillion Earning Group's investment properties are situated in the PRC and held under medium-term leases.

The Trillion Earning Group's investment properties were pledged to a bank to secure bank loans of approximately HK$131,017,000, HK$114,746,000 and HK$72,373,000 granted to the Trillion Earning Group as at 31 March 2012, 2013 and 2014, respectively.

17. ACCOUNTS RECEIVABLE

Accounts receivable were from the property letting business. The Trillion Earning Group has generally granted a credit term of 30 days to the tenants.

Ageing analysis of accounts receivable as at the end of each of the Relevant Periods is as follows:

The Trillion Earning Group		**As at 31 March**	
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	809	1,028	1,338

At the reporting dates, the Trillion Earning Group reviews receivables for evidence of impairment on both individual and collective basis.

Ageing analysis of accounts receivable that were past due but not impaired is as follows:

The Trillion Earning Group	**As at 31 March**		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	809	1,028	1,338

Receivables which were neither past due nor impaired related to tenants for whom there was no recent history of default.

18. AMOUNT DUE FROM/(TO) RELATED COMPANIES AND SOLE DIRECTOR

(a) Amount due from a related company

The details of the amount due from a related company, Gold Regent International Limited, ("Gold Regent"), which are disclosed pursuant to the disclosure requirements of the Hong Kong Companies Ordinance, are as follows:

The Trillion Earning Group	**Year ended 31 March**		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Balance at the beginning of year	32,334	32,842	33,428
Balance at the end of year	32,842	33,428	–
Maximum amount outstanding during the year	32,842	33,428	33,428

The amount bears interest at 1.5% per annum over 1 month Hong Kong Inter-bank Offered Rate ("HIBOR"), unsecured and is repayable on demand. In November 2013, the amount was settled in full by Gold Regent. The sole director of Trillion Earning is also a substantial shareholder of Gold Regent.

(b) Amount due from/(to) the sole director

The details of the amount due from/(to) the sole director, which are disclosed pursuant to the disclosure requirements of the Hong Kong Companies Ordinance, are as follows:

The Trillion Earning Group	**Year ended 31 March**		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Balance at the beginning of year	(58,812)	561	4,060
Balance at the end of year	561	4,060	(5,012)
Maximum amount outstanding during the year	561	4,060	4,591

Trillion Earning	**Year ended 31 March**	
	2013	**2014**
	HK$'000	*HK$'000*
Balance at the end of year	(7)	(7)

The amount due from/(to) the sole director is unsecured, interest-free and has no fixed repayment terms.

(c) Amounts due to related companies

The amounts due to related companies, which are controlled by the sole director of Trillion Earning, are unsecured, interest-free and have no fixed repayment terms.

19. BANK BALANCES

The bank balances carried interest at prevailing market rate during the Relevant Periods.

20. ACCRUED LIABILITIES AND OTHER PAYABLES

The Trillion Earning Group		**As at 31 March**	
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Accrued liabilities	128	391	405
Other payables	2,127	2,940	6,523
	2,255	3,331	6,928

Trillion Earning	**As at 31 March**	
	2013	**2014**
	HK$'000	*HK$'000*
Accrued liabilities	–	14

21. INTEREST-BEARING BANK BORROWINGS, SECURED

The Trillion Earning Group		**As at 31 March**	
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount	131,017	114,746	72,373
Less: Current portion	(16,271)	(42,373)	(26,695)
Non-current portion	114,746	72,373	45,678

The bank borrowings bear interest at rates ranging from 1.8% to 2.8%, 1.7% to 2.7% and 1.7% to 2.7% per annum as at 31 March 2012, 2013 and 2014, respectively.

Based on the scheduled repayment dates set out in the loan agreements, bank borrowings are repayable as follows:

The Trillion Earning Group	**As at 31 March**		
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	16,271	42,373	26,695
In the second year	42,373	26,695	7,119
In the third to fifth years	72,373	45,678	38,559
	131,017	114,746	72,373

The Trillion Earning Group's bank borrowings at the end of each of the Relevant Periods were secured by:

(a) a mortgage over the investment properties of the Subsidiary;

(b) guarantees by Bright Gain (Asia) Limited and Hongasteel, all of which are companies beneficially owned and controlled by Mr. Cheng, as at 31 March 2012 and 2013;

(c) guarantees by Bright Gain (Asia) Limited, Hongasteel, Xiamen Wanchang Trading Limited and Xiamen Hong Du Park Hotel, all of which are companies beneficially owned and controlled by Mr. Cheng, as at 31 March 2014;

(d) Share mortgage from one of the directors of the Subsidiary, Ms. Li, over the entire share capital of the Subsidiary; and

(e) Personal guarantee executed by Mr. Cheng and Ms. Li.

As at the end of the Relevant Periods, the carrying amounts of the Trillion Earning Group's bank borrowings approximate their fair values, which have been calculated by discounting the expected future cash flows at the prevailing interest rates.

22. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised in the combined statements of financial position and their movements during the Relevant Periods are as follows:

The Trillion Earning Group	**Revaluation of investment properties**
	HK$'000
At 1 April 2011, 31 March 2012, 31 March 2013	–
Charge to profit or loss *(Note 12)*	43,793
At 31 March 2014	43,793

23. SHARE CAPITAL

Authorised share capital:

	Number of shares	*HK$'000*
Ordinary shares of 1 United States dollar each upon incorporation and at 31 March 2013 and 2014	50,000	390

Issued and fully paid:

Upon incorporation and at 31 March 2013 and 2014	1	–

Note: For the purpose of this report, the share capital of the Trillion Earning Group represented the combined share capital of Trillion Earning and the Subsidiary.

24. OPERATING LEASE COMMITMENTS

As a lessor

During the Relevant Periods, the Trillion Earning Group leases its investment properties under operating lease arrangements. The leases are generally negotiated for terms of one to five years and also require the tenants to pay security deposits.

The Trillion Earning Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

The Trillion Earning Group		**As at 31 March**	
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Not later than one year	10,799	16,897	20,227
Later than one year and not later than five years	63,485	53,701	34,438
Later than five years	–	964	–
	74,284	71,562	54,665

Trillion Earning had no future minimum lease receivables under non-cancellable operating leases at the end of each of the Relevant Periods.

25. RELATED PARTY TRANSACTIONS

(a) Save as the transactions and balances detailed elsewhere in the Financial Information, during the Relevant Periods, the Trillion Earning Group had following material related party transactions.

Name of related party		**Nature of transaction**	**Year ended 31 March**		
			2012	**2013**	**2014**
			HK$'000	*HK$'000*	*HK$'000*
Gold Regent	*Note i*	Interest income	507	586	–
China Rise Securities Company Limited	*Note ii*	Interest income	28	4	–

Notes:

(i) The sole director of Trillion Earning is also a controlling shareholder of Gold Regent.

(ii) The sole director of Trillion Earning is also a controlling shareholder of China Rise Securities Company Limited.

(b) The key management personnel comprises the sole director of Trillion Earning only who has not received any remuneration during the Relevant Periods.

26. CAPITAL RISK MANAGEMENT

The Trillion Earning Group's objective of managing capital is to safeguard the Trillion Earning Group's ability to continue as a going concern in order to provide returns for the sole shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, Trillion Earning may adjust the amount of dividends paid to the shareholder, return capital to the shareholder or issue new shares or sell assets to reduce debts.

The capital structure of the Trillion Earning Group consists of share capital and reserves.

27. FINANCIAL RISK MANAGEMENT

The Trillion Earning Group is exposed to a variety of financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Trillion Earning Group does not have written risk management policies. However, the sole director identifies and evaluates risks and formulates strategies to manage financial risks. The Trillion Earning Group has not used any derivatives or other instruments for hedging purposes and has not hold or issue derivative financial instruments for trading purposes. The most significant risks to which the Trillion Earning Group is exposed to are described below.

(a) Currency risk

Currency risk to the Trillion Earning Group is minimal as most of the Trillion Earning Group's transactions are carried out in the respective functional currencies of the Trillion Earning Group entities.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Trillion Earning Group's bank deposits and bank borrowings were bearing floating interest rate. Exposure to floating interest rate exists when there are unexpected adverse interest rate movements. The Trillion Earning Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are approximately fixed when necessary.

The interest rates of interest-bearing financial assets of the Trillion Earning Group are disclosed in Notes 19 and 21. The following table illustrates the sensitivity of profit after tax for the Relevant Periods to a reasonably possible change in interest rates of 0.5%, with effect from the beginning of each of the Relevant Periods. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Trillion Earning Group's floating rate financial instruments held at the end of each of the Relevant Periods. All other variables are held constant. There is no impact on other components of combined equity in response to the possible change in interest rates.

	Year ended 31 March					
	2012		**2013**		**2014**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	+0.5%	–0.5%	+0.5%	–0.5%	+0.5%	–0.5%
(Decrease)/increase in profit after tax for the year and retained profits	(607)	607	(572)	572	(350)	350

(c) Credit risk

The Trillion Earning Group's credit risk is primarily attributable to accounts receivable, amount due from a related company and bank deposits.

Accounts receivable are monitored on an ongoing basis and the Trillion Earning Group's exposure to bad debts, in the opinion of the sole director, is not significant.

The credit risk on the amount due from a related company is considered limited as the related company is also substantially owned by Trillion Earning's sole director who is in a position to monitor the repayment regularly.

The Trillion Earning Group deposited its cash at a reputable and credit worthy bank, accordingly, the credit risk exposure of bank deposits is minimal.

(b) Liquidity risk

Liquidity risk relates to the risk that the Trillion Earning Group will not be able to meet its obligations associated with its financial liabilities. The Trillion Earning Group is exposed to liquidity risk in respect of settlement of its financing obligations, and also in respect of its cash flow management.

The Trillion Earning Group's policy is to regularly monitor current and expected liquidity requirement to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms. The Trillion Earning Group had net current liabilities of HK$40,051,000 as at 31 March 2014. The liquidity of the Trillion Earning Group is primarily dependent on undertakings of Trillion Earning's sole director, who is also its beneficial owner, to provide continuing financial support to the Trillion Earning Group for not to demand repayment of debts until such time when the repayment will not affect the Trillion Earning Group's ability to repay other creditors in the normal course of business and sufficient financial resources to the Trillion Earning Group so as to enable the Trillion Earning Group both to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations.

The table below analyses the Trillion Earning Group's financial liabilities based on the remaining contractual maturity date.

The Trillion Earning Group	Total Carrying amount	On demand or within 1 year	1 to 2 years	2 to 5 years	Total contractual undiscounted cash flows
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2012					
Accrued liabilities and other payables	2,255	2,255	–	–	2,255
Amounts due to related companies	9,784	9,784	–	–	9,784
Interest-bearing bank borrowings	131,017	19,390	44,898	75,603	139,891
	143,056	31,429	44,898	75,603	151,930

The Trillion Earning Group	Total Carrying amount	On demand or within 1 year	1 to 2 years	2 to 5 years	Total contractual undiscounted cash flows
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2013					
Accrued liabilities and other payables	3,331	3,331	–	–	3,331
Amounts due to related companies	9,284	9,284	–	–	9,284
Interest-bearing bank borrowings	114,746	44,898	28,220	47,383	120,501
	127,361	57,513	28,220	47,383	133,116

The Trillion Earning Group	Total Carrying amount	On demand or within 1 year	1 to 2 years	2 to 5 years	Total contractual undiscounted cash flows
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2014					
Accrued liabilities and other payables	6,928	6,928	–	–	6,928
Amount due to the sole director	5,012	5,012	–	–	5,012
Interest-bearing bank borrowings	72,373	28,220	8,250	39,133	75,603
	84,313	40,160	8,250	39,133	87,543

The contractual maturities of the undiscounted cash flows of the financial liabilities of Trillion Earning approximate the current liabilities shown in the statements of financial position as the impact of discounting is insignificant.

28. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Trillion Earning Group's and Trillion Earning's financial assets and financial liabilities recognised at the end of each of the Relevant Periods are categorised as follows:

The Trillion Earning Group		**As at 31 March**	
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables:			
Accounts receivable	809	1,028	1,338
Amount due from a related company	32,842	33,428	–
Amount due from the sole director	561	4,060	–
Bank balances	9,699	376	2,337
	43,911	38,892	3,675
Financial liabilities measured at amortised cost			
Accrued liabilities and other payables	2,255	3,331	6,928
Amounts due to related companies	9,784	9,284	–
Amount due to the sole director	–	–	5,012
Interest-bearing bank borrowings	131,017	114,746	72,373
	143,056	127,361	84,313

Trillion Earning	**As at 31 March**	
	2013	**2014**
	HK$'000	*HK$'000*
Financial liabilities measured at amortised cost		
Accrued liabilities	–	14
Amount due to the sole director	7	7
	7	21

29. SUBSEQUENT EVENT

On 26 May 2014, a bank offered a term loan facility to the Subsidiary with a limit of HK$100,000,000. The Subsidiary made the drawdown on 25 June 2014 with a lump sum amount of HK$89,700,000. The interest rate of the bank facility is 2.75% per annum over HIBOR or the bank's cost of funds, whichever is higher. Principal is repaid by 48 monthly instalments, commencing from 25 July 2014.

Pursuant to the bank loan agreement, the loan was then advanced to the sole director of Trillion Earning, to finance the renovation of Xiamen Hong Du Park Hotel, which is a company beneficially owned and controlled by Mr. Cheng, the sole director of Trillion Earning.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Trillion Earning or the Subsidiary in respect of any period subsequent to 31 March 2014 and up to the date of this report. A dividend of HK$1,970,000 has been declared and paid by the Trillion Earning Group to Goldsilk Capital Limited, Mr. Cheng and Ms. Li subsequent to 31 March 2014.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 25 August 2014

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TRILLION EARNING GROUP

(a) Business review for the year ended 31 March 2014

Operating Results

For the year ended 31 March 2014, the Trillion Earning Group is principally engaged in property investment and letting in Beijing, and the principal assets of the Trillion Earning Group are the Beijing Properties. The Trillion Earning Group generated revenue of approximately HK$22.3 million during the year ended 31 March 2014 (2013: HK$15.5 million). The Trillion Earning Group recorded a profit before income tax of approximately HK$455.3 million for the year ended 31 March 2014 (2013: HK$10.7 million), and profit attributable to owner of approximately HK$409.2 million (2013: HK$9.1 million), which was mainly attributable to the increase in fair value of the Beijing Properties of approximately HK$437.9 million. Excluding such increase in fair value and the related deferred tax, the Trillion Earning Group would have recorded profit attributable to owner of approximately HK$15.1 million (2013: HK$9.1 million).

Liquidity and financial resources

As at 31 March 2014, the Trillion Earning Group had bank balances and cash of approximately HK$2.3 million (2013: HK$0.4 million). The Trillion Earning Group was offered banking facilities amounting to approximately HK$160 million (2013: HK$160 million). As at 31 March 2014, the Trillion Earning Group obtained bank borrowings in the amount of HK$72.4 million (2013: HK$114.7 million), which bore interest at the range of 1.5% to 2.5% per annum over 1 month HIBOR/2% per annum over 1 month LIBOR (subject to market availability). The gearing ratio as at 31 March 2014 was 16.8% (2013: 382.5%), based on the total borrowings over shareholders' equity.

Capital Structure and foreign exchange risk

During the year ended 31 March 2014, there was no change in the Trillion Earning Group's capital structure. The Trillion Earning Group financed its liquidity requirements through a combination of cash flow generated from operation and bank borrowings.

The Trillion Earning Group adopted a prudent funding and treasury policy. The Trillion Earning Group's monetary assets, loans and transactions were principally denominated in Hong Kong dollars and Renminbi. During the year ended 31 March 2014, the Trillion Earning Group had not entered into any hedging arrangements. However, the management of the Trillion Earning Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future when necessary.

Contingent liabilities and capital commitment

As at 31 March 2014, the Trillion Earning Group had not filed the tax returns for corporate income tax in the PRC in respect of its income derived from the PRC prior to 31 March 2014. Accordingly, the PRC tax authority has the right to levy a penalty for late filing of the tax returns. The Trillion Earning Group intended to file the tax return in the foreseeable future on a voluntary basis, and the amount of the potential penalty cannot be reliably estimated as the range of which is wide, from 50% to 500% of the unreported tax. The estimated maximum penalty, as calculated arithmetically based on 500% of the estimated unreported tax, amounted to approximately HK$17 million. Based on the experience of the sole director of Trillion Earning, the amount of such penalty, if any, will not be material and therefore will not significantly affect the Trillion Earning Group's financial position. Accordingly, no provision for such penalty was made.

Save for the above, the Trillion Earning Group did not have any material contingent liabilities and capital commitment.

Significant investments, material acquisitions and disposals

There were no significant investments, material acquisitions and disposals during the year ended 31 March 2014.

Employee and remuneration policies

As at 31 March 2014, the Trillion Earning Group did not engage any employee. Thus, there was no staff cost or directors' remuneration for the year ended 31 March 2014 (2013: nil).

Charge on assets

As at 31 March 2014, bank borrowings of approximately HK$72.4 million were principally secured by the Beijing Properties with carrying amount of approximately HK$559.1 million.

Future plans for material investments and acquisition of capital assets

There was no specific plan for material investments and acquisition of capital assets as at 31 March 2014.

(b) Business review for the year ended 31 March 2013

Operating Results

For the year ended 31 March 2013, the Trillion Earning Group is principally engaged in property investment and letting in Beijing, and the principal assets of the Trillion Earning Group are the Beijing Properties. The Trillion Earning Group generated revenue of approximately HK$15.5 million during the year ended 31 March 2013 (2012: HK$13.1 million). The Trillion Earning Group recorded a profit before income tax of approximately HK$10.7 million for the year ended 31 March 2013 (2012: HK$9.3 million) and profit attributable to owner of approximately HK$9.1 million (2012: HK$8.0 million).

Liquidity and financial resources

As at 31 March 2013, the Trillion Earning Group had bank balances and cash of approximately HK$0.4 million (2012: HK$9.7 million). The Trillion Earning Group was offered banking facilities amounting to approximately HK$160 million (2012: HK$160 million). As at 31 March 2013, the Trillion Earning Group obtained bank borrowings in the amount of HK$114.7 million (2012: HK$131.0 million), which bore interest at the range of 1.5% to 2.5% per annum over 1 month HIBOR/2% per annum over 1 month LIBOR (subject to market availability). The gearing ratio as at 31 March 2013 was 382.5% (2012: 685.1%), based on the total borrowings over shareholders' equity.

Capital Structure and foreign exchange risk

During the year ended 31 March 2013, there was no change in the Trillion Earning Group's capital structure. The Trillion Earning Group financed its liquidity requirements through a combination of cash flow as generated from operation and bank borrowings.

The Trillion Earning Group adopted a prudent funding and treasury policy. The Trillion Earning Group's monetary assets, loans and transactions were principally denominated in Hong Kong dollars and Renminbi. During the year ended 31 March 2013, the Trillion Earning Group had not entered into any hedging arrangements. However, the management of the Trillion Earning Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future when necessary.

Contingent liabilities and capital commitment

As at 31 March 2013, the Trillion Earning Group had not filed the tax returns for corporate income tax in the PRC in respect of its income derived from the PRC prior to 31 March 2013. Accordingly, the PRC tax authority has the right to levy a penalty for late filing of the tax returns. The Trillion Earning Group intended to file the tax return in the foreseeable future on a voluntary basis, and the amount of the potential penalty cannot be reliably estimated as the range of which is wide, from 50% to 500% of the unreported tax. The estimated maximum penalty, as calculated arithmetically based on 500% of the estimated unreported tax, amounted to approximately HK$9 million. Based on the experience of the sole director of Trillion Earning, the amount of such penalty, if any, will not be material and therefore will not significantly affect the Trillion Earning Group's financial position. Accordingly, no provision for such penalty was made.

Save for the above, the Trillion Earning Group did not have any material contingent liabilities and capital commitment.

Significant investments, material acquisitions and disposals

There were no significant investments, material acquisitions and disposals during the year ended 31 March 2013.

Employee and remuneration policies

The Trillion Earning Group did not have any employee as at 31 March 2013. As a result, there was no staff cost or directors' remuneration for the year ended 31 March 2013 (2012: nil).

Charge on assets

As at 31 March 2013, bank borrowings of approximately HK$114.7 million were principally secured by the Beijing properties of the Trillion Earning Group with carrying amount of approximately HK$121.3 million.

Future plans for material investments and acquisition of capital assets

There was no specific plan for material investments and acquisition of capital assets as at 31 March 2013.

(c) Business review for the year ended 31 March 2012

Operating Results

For the year ended 31 March 2012, the Trillion Earning Group is principally engaged in property investment and letting in Beijing, and the principal assets of the Trillion Earning Group are the Beijing Properties. The Trillion Earning Group generated revenue of approximately HK$13.1 million and recorded a profit before income tax of approximately HK$9.3 million for the year ended 31 March 2012 and profit attributable to owner of approximately HK$8.0 million.

On 15 December 2004, Worldwide Properties entered into an agreement with Hongasteel which assigned the right to all rental income received from Beijing Properties together with obligations of the associated liabilities (including any tax liability derived from those properties) from Worldwide Properties to Hongasteel. As Worldwide Properties had not completed the tax registration process in the PRC at that time and Hongasteel was allowed to carry on rental business in the PRC, Worldwide Properties entered into the assignment agreement to engage Hongasteel to handle the rental business until Worldwide Properties completed the tax registration. The tax registration process of Worldwide Properties was completed on 14 June 2011. The rental income of approximately HK$4.4 million received by Hongasteel before 14 June 2011 was refunded to Worldwide Properties as an increase of equity.

Liquidity and financial resources

As at 31 March 2012, the Trillion Earning Group had bank balances and cash of approximately HK$9.7 million. The Trillion Earning Group was offered banking facilities amounting to approximately HK$160 million. As at 31 March 2012, the Trillion Earning Group obtained bank borrowings in the amount of HK$131.0 million, which bore interest at the range of 1.5% to 2.5% per annum over 1 month HIBOR/2% per annum over 1 month LIBOR (subject to market availability). The gearing ratio as at 31 March 2012 was 685.1%, based on the total borrowings over shareholders' equity.

Capital Structure and foreign exchange risk

During the year ended 31 March 2012, there was no change in the Trillion Earning Group's capital structure. The Trillion Earning Group financed its liquidity requirements through a combination of cash flow as generated from operation and bank borrowings.

The Trillion Earning Group adopted a prudent funding and treasury policy. The Trillion Earning Group's monetary assets, loans and transactions were principally denominated in Hong Kong dollars and Renminbi. During the year ended 31 March 2012, the Trillion Earning Group had not entered into any hedging arrangements. However, the management of the Trillion Earning Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future when necessary.

Contingent liabilities and capital commitment

The Trillion Earning Group did not have any material contingent liabilities and capital commitment.

Significant investments, material acquisitions and disposals

There were no significant investments, material acquisitions and disposals during the year ended 31 March 2012.

Employee and remuneration polices

There was no staff cost or directors' remuneration for the year ended 31 March 2012 as the Trillion Earning Group did not have any employee as at 31 March 2012.

Charge on assets

As at 31 March 2012, bank borrowings of approximately HK$131.0 million were principally secured by the Beijing properties of the Trillion Earning Group with carrying amount of approximately HK$119.6 million.

Future plans for material investments and acquisition of capital assets

There was no specific plan for material investments and acquisition of capital assets as at 31 March 2012.

(A) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 31 December 2013	The Trillion Earning Group as at 31 March 2014	Pro forma adjustments		Pro forma Enlarged Group as at 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Non-current assets					
Property, plant and equipment	514,283	–			514,283
Investment properties	729,233	559,121			1,288,354
Prepaid lease payments	292,590	–			292,590
Intangible assets	209,916	–			209,916
Interests in joint ventures	35,369	–			35,369
Deferred tax assets	23,207	–			23,207
Tax recoverable	52,314	–			52,314
Club debentures	2,326	–			2,326
Restricted bank deposit	3,843	–			3,843
	1,863,081	559,121			2,422,202
Current assets					
Inventories	25,120	–			25,120
Amounts due from joint ventures	84,128	–			84,128
Indemnification assets	–	–		5,091	5,091
Trade and other receivables	104,757	1,338	11(d)		106,106
Prepaid lease payments	7,618	–			7,618
Pledged bank deposits	57,641	–			57,641
Bank balances and cash	823,257	2,337	(94,532)(a)		731,062
	1,102,521	3,675			1,016,766

	The Group as at 31 December 2013	The Trillion Earning Group as at 31 March 2014	Pro forma adjustments		Pro forma Enlarged Group as at 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
Current liabilities					
Trade and other payables	287,862	6,928	2,000(e)		296,790
Amounts due to a director	–	5,012			5,012
Amounts due to joint ventures	44,934	–			44,934
Bank borrowings	379,383	26,695			406,078
Tax payable	41,109	5,091			46,200
	753,288	43,726			799,014
Net current assets	349,233	(40,051)			217,752
Total assets less current liabilities	2,212,314	519,070			2,639,954
Non-current liabilities					
Obligations arising from a joint venture	64,859	–			64,859
Bank borrowings	–	45,678			45,678
Loan from a non-controlling shareholder	–	–	154,670(b)		154,670
Deferred tax liabilities	85,913	43,793	(43,793)(c)		85,913
	150,772	89,471			351,120
Net assets	2,061,542	429,599			2,288,834
Capital and reserves					
Share capital	210,369	–	26,026(f)		236,395
Share premium and reserves	1,578,480	429,599	187,598(f) (429,599)(c)	5,091	1,771,169
Equity attributable to owners of the Company	1,788,849	429,599			2,007,564
Non-controlling interests	272,693	–	8,577(b)		281,270
	2,061,542	429,599			2,288,834

Notes:

1 This represents the consolidated statement of financial position of the Group as at 31 December 2013 as extracted from the published annual report of the Company for the year ended 31 December 2013.

2 The amounts are extracted from the audited consolidated statement of financial position of the Trillion Earning Group as at 31 March 2014 as set out in Appendix II to this circular.

3 On 2 July 2014, the Group entered into an agreement with GoldSilk Capital Limited ("GoldSilk") pursuant to which the Group has conditionally agreed to purchase and GoldSilk has conditionally agreed to sell its 100% equity interest of Trillion Earning at a cash consideration of HK$94,532,000, HK$171,772,000 by the allotment and issue of 260,260,000 new shares by the Company ("Consideration Shares") and HK$215,242,000 by the transfer by the Purchaser of the 42% equity interest in Giant Eagle Enterprises Limited ("Giant Eagle") and the 42% of all amounts owed by Giant Eagle and its subsidiaries ("Giant Eagle Loans") to GoldSilk upon the completion of the Acquisition (the "Completion").

The principal activity of the Trillion Earning Group is property investment and its principal assets are investment properties located in the People's Republic of China. The Trillion Earning Group did not constitute an integrated set of activities and assets as no significant processes will be acquired. In the opinion of the directors of the Company, the Acquisition is in substance an acquisition of assets and liabilities, being the investment properties and their associated assets and liabilities, instead of an acquisition of business and therefore is excluded from the scope of Hong Kong Financial Reporting Standard 3 (Revised) "Business Combination" issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, the Acquisition is accounted for as an acquisition of assets and liabilities of the Trillion Earning Group. The directors of the Company consider the accounting treatment is consistent with the accounting policies of the Group and will also adopt it in the audited financial statements of the Enlarged Group in the future.

In addition, according to Hong Kong Accounting Standard 12 "Income Taxes", deferred tax liabilities arising from the initial recognition of assets and liabilities in a transaction which is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit, should not be recognised.

Since the Acquisition is considered an acquisition of assets and liabilities of the Trillion Earning Group and the consideration is settled by the cash consideration, Consideration Shares and 42% equity interest in Giant Eagle and the Giant Eagle Loans, the fair value of the assets and liabilities of the Trillion Earning Group acquired is treated as the fair value of the consideration for the Acquisition. The fair values of the cash consideration, 42% equity interests in Giant Eagle and revenue guarantee, together with the estimated legal and professional expenses directly attributable to the Acquisition, are deducted from the fair value of the assets and liabilities of the Trillion Earning Group acquired and the residual amount is allocated to the Consideration Shares.

For the purpose of this Unaudited Pro Forma Financial Information, the net asset value excluding deferred tax liabilities of the Trillion Earning Group as at 31 March 2014 of HK$473,392,000 is considered as the fair value of the assets and liabilities of the Trillion Earning Group upon the Completion.

As a result, unaudited pro forma adjustments are made to reflect the following:

(a) Settlement by a cash consideration of HK$94,532,000;

(b) Settlement by the transfer of 42% equity interest in Giant Eagle and the Giant Eagle Loans of HK$8,577,000 and HK$154,670,000 respectively. The fair value of the equity interest in Giant Eagle is based on its consolidated net asset value as at 31 December 2013 since the principal activity of Giant Eagle is property investment, the principal assets of which were stated at fair value. The Directors considered the following comparable approaches, namely net assets approach, price-to-earnings approach and dividends approach, which are commonly adopted in valuation of a company. However, given that the Giant Eagle was loss-making for the year ended 31 December 2013 and no dividends were distributed by Giant Eagle in the past two years, the Directors consider that the price-to-earnings approach and the dividends approach are not applicable for assessing the value of Giant Eagle and thus only the net assets approach is adopted in assessing the value of Giant Eagle. As a result, the carrying amount of the non-controlling interests is stated at its fair value;

As per the Agreement, portion of the Consideration that will be satisfied by the transfer of 42% equity interest in Giant Eagle was in the amount of approximately HK$215,242,000, which represents an excess of approximately HK$51,995,000 over the aggregate of (i) the book value of 42% equity interest in Giant Eagle of approximately HK$8,577,000 as at 31 December 2013; and (ii) the face value of the Giant Eagle Loans of approximately HK$154,670,000 as at 31 December 2013. This excess was agreed after taking into consideration the holding cost of the Shenyang Properties by the Group since 20 January 2011 and the potential value created by a newly-developed outlet mall adjacent to the Shenyang Properties. The Directors believe that the outlet mall created appealing business prospects in the area, which are not reflected in the valuation of the Shenyang Properties held by Giant Eagle;

(c) Elimination of the investment cost in the Trillion Earning Group against the share capital, pre-acquisition reserves and deferred tax liabilities of the Trillion Earning Group of HK$8, HK$429,599,000 and HK$43,793,000 respectively as at 31 March 2014;

(d) The recognition of derivative financial instrument in respect of revenue guarantee between GoldSilk and the Group for each of the three calendar years from the Completion, agreeing that the rental revenue of the investment properties held by the Trillion Earning Group less all taxes thereon and all agency fees in respect thereon ("Net Revenue") as shown in the audited or the latest management accounts of the Trillion Earning Group shall not be less than HK$25,000,000. If the Net Revenue falls short of HK$25,000,000 in any of these three calendar years, GoldSilk shall on demand pay to the Group the full amount of the shortfall of cash. If the Net Revenue exceeds HK$25,000,000, a sum equal to certain percentage of the excess over HK$25,000,000 shall be paid by the Group to GoldSilk after the issue of the audited or the latest management accounts of the Trillion Earning Group. The fair value of revenue guarantee is based on the Directors' best estimation by considering the probability-weighted average of payouts associated with each possible outcome;

(e) The estimated legal and professional expenses of approximately HK$2,000,000 that are directly attributable to the Acquisition are recorded as part of the cost of the identifiable assets and liabilities acquired and the amount payable is included in other payables, deposits received and accruals as if the Acquisition had been completed on 31 December 2013; and

(f) The residual amount of the consideration is settled by the issuance of the Consideration Shares which increases the share capital of the Company by HK$26,026,000 and the share premium by HK$187,598,000. The accounting treatment is consistent with the accounting policies of the Group and the same accounting treatment will be adopted in the consolidated financial statements of the Enlarged Group in the future.

4 The adjustment represents the indemnification from GoldSilk on the taxation liability of the Trillion Earning Group not yet finalised with the tax authority in the People's Republic of China as at 31 March 2014, which represents the current tax liabilities of the Trillion Earning Group as at 31 March 2014. The taxation liability has been calculated at the applicable tax rate of 10% on the gross rental income. Indemnification assets are recognised as an asset of the Enlarged Group at the same time and on the same basis as the indemnified taxation liability which is recognised as a liability of the Trillion Earning Group.

(B) ACCOUNTANT'S REPORT

The following is the text of an accountant's report received from the independent reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, for inclusion in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in this Appendix III.

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

TO THE DIRECTORS OF SYMPHONY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Symphony Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2013 and related notes as set out on pages III-3 to III-4 of the circular dated 25 August 2014 (the "Circular") issued by the Company in connection with the proposed acquisition (the "Acquisition") of the entire issued share capital of Trillion Earning Limited ("Trillion Earning") and its subsidiary, collectively referred to as the "Trillion Earning Group". The Group and the Trillion Earning Group are collectively referred to as the "Enlarged Group". The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-4 of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 December 2013 as if the Acquisition had taken place on 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2013, on which an auditor's report was published on 30 April 2014. The information about the Trillion Earning Group's financial position for the year ended 31 March 2014 has been extracted by the directors from Appendix II of this Circular, on which an accountant's report was published on 25 August 2014.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 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" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA")".

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29 of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" 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 the 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 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Enlarged 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 25 August 2014

The following is the full text of the letter and the valuation certificate prepared for the purpose of incorporation in this circular received from Prudential, an independent valuer, in connection with its valuation of the Beijing Properties as at 2 July 2014.

www.iconcity.com.hk

PRUDENTIAL
Surveyors (Hong Kong) Limited
測建行香港有限公司

member of
ICON CITY

2nd July 2014

Our Ref.: 2014CV00007

The Directors of Symphony Holdings Limited
10th Floor, Island Place Tower
No.510 King's Road
North Point
Hong Kong

Dear Sirs,

12th, 14th, 16th and 18th Floors, Beijing Junefield Plaza, Nos. 6, 8, 10, 12, 16, 18 Xuan Wu Men Outer Street, Xuan Wu District, Beijing, The People's Republic of China (the "Subject Property")

INSTRUCTION

In accordance with the instructions from Symphony Holdings Limited ("the Group") for us to value the Subject Property, we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 2nd July 2014 (the "Date of Valuation").

This letter, forming part of our valuation report, identifies the Subject 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 limiting conditions.

BASIS OF VALUATION

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

We have relied on the information provided by the Group and the advice provided by A&E Law Firm, the Group's PRC legal adviser, regarding the title to the Subject Property in arriving at our valuation.

In respect of the Subject Property, the status of titles and grant of major certificates approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificates.

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

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated for deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Subject Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties (2012 Edition) issued by the HKIS and the generally accepted valuation procedures and practices of professional surveyors.

VALUATION METHODOLOGY

In arriving at the value of the property interest in the Subject Property, we have adopted the Direct Comparison Approach assuming such property interest is capable of being sold in its existing state or with the benefit of vacant possession and by making reference to comparable sales evidence or offerings as available in the relevant market.

VALUATION ASSUMPTIONS

In valuing the property interests, we have assumed that the Group has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of government rent and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Subject Property are to 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 their values. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Subject Property and no forced sale situation in any manner is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Subject Property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

All legal documents disclosed in this letter and valuation certificate are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificate.

LIMITING CONDITIONS

We have inspected the exterior and part of the interior of the Subject Property on 2nd July 2014. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Subject Property. We are, therefore, not able to report that the Subject Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents available to us and are therefore approximations only.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dated of buildings, particulars of occupancy, site and floor plans, site and floor areas and other relevant matters in the identification of the Subject Property in which the Group has a valid interest. We have not seen original planning consents and have assumed that the Subject Property has been erected and are being 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 Group. We were also advised by the Group that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

Yours faithfully,
For and on behalf of
PRUDENTIAL SURVEYORS (HONG KONG) LIMITED

Albert C H Pang
BSc (Hons) MRICS MHKIS RPS (GP)
Assistant General Manager

Mr. Albert C. H. Pang is a Registered Professional Surveyor (GP) with 17 years' experience in valuation of properties in HKSAR, Macau SAR, Mainland China and the Asia Pacific Region. Mr. Pang is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE OF PROPERTY

Property	Description	Particular of Occupancy	Market Value in existing state as at 2nd July 2014
12th, 14th, 16th and 18th Floors, Beijing Junefield Plaza, Nos. 6, 8, 10, 12, 16, 18 Xuan Wu Men Outer Street Xuan Wu District, Beijing, The People's Republic of China	The Plaza is erected on a piece of land of about 7,377.32 sq. m. in area. The Plaza is located at a well developed commercial/office/residential area of Xuan Wu District, with Xuan Wu Men Outer Street (宣武門外大街) on the west, Xiang Lu Ying Dong Xiang (香爐營東巷) on the east, Qian Qing Han Hu Tong (前青廣胡同) on the south and Xiang Lu Ying Tou Tao (香爐營頭條) on the north. The frontages of the site are longer on the east and west sides and the shortest frontages is on the south side. The Plaza, consists of 2 commercial/office towers arranged in 17-storey and 21-storey in height, was built in 2002. The Plaza was purposely-built and designated to have 3 main portions namely south wing tower, central wing tower and north wing tower. Currently, most of the north wing tower is occupied by Beijing Sogo Department Store while the south wing tower is occupied by JW Marriott Hotel. Various sizes of office units are provided in the central tower. Below the Plaza is one level of basement for car parking purposes. Vehicular accesses are opened onto Xiang Lu Ying Tou Tiao (香爐營頭條). The total gross area of the Plaza is about 71,848.782 sq. m.	All units of the subject floors are holding for leasing purposes. The total annual rental income of 2013 was HK$19,854,353.85 after taxes.	RMB449,500,000.00

Notes:

Title and Land Use Terms

(1) We have been provided with a Certificate of Real Estate Ownership of the subject units, a Certificate of the Other Rights of Land, a Certificate of the Other Rights of Real Estate and a Certificate of Sale and Purchase are tabled below for reference.

		Certificate of Real Estate Ownership	Certificate of the Other Rights of Land	Certificate of the other Rights of Real Estate			Certificate of Sale And Purchase
(a)	Certificate No.	X Jing Real Estate Right City No.033242	Jing Xuan Other Rights of Land No.00034	Mortgage Memorial No.4905119	Mortgage Memorial No.4905119	Mortgage Memorial No.8609146	Jing Real Estate Right City Xuan Gang Ao Tai No.3470001
(b)	Date of Registration	2 April 2009	26 October 2009	8 September 2009	22 August 2010	7 September 2011	–
(c)	Issuing Party	Beijing City Rights of Real Estate Registration Center	Beijing City State Land Resources Bureau	–	–	–	–
(d)	Term of Land Use	To 21 March 2044	To 21 March 2044	–	–	–	To 21 March 2044
(e)	Owner	Worldwide Properties Limited	Worldwide Properties Limited	Worldwide Properties Limited	Worldwide Properties Limited	Worldwide Properties Limited	Worldwide Properties Limited
(f)	Mortgagee	–	Heng Seng Bank Limited	Heng Seng Bank Limited	Heng Seng Bank Limited	Heng Seng Bank Limited	–
(g)	Consideration	–	–	HK$35,000,000	HK$35,000,000	HK$70,000,000	–
(h)	Premises	–	–	–	–	–	–
(i)	Gross Area	10,471.88 sq. m.	–	–	–	–	10,471.92 sq. m.
(j)	Type of Property Usage	Office	Office	Office	Office	Office	Office

(2) We have been provided with a legal opinion on the title of the Subject Property issued by the Group's PRC legal adviser with the following concluded opinions:-

a) Worldwide Properties Limited is in possession of a proper legal title and is entitled to transfer the Subject Property together with the residual term of its land use rights at no extra land premium and other onerous charges payable to the government. All land premium and costs of resettlement and public utilities services have been fully settled.

b) The design and construction of the Subject Property are in compliance with the local planning regulations and have been approved by relevant government authorities.

c) The Subject Property can be disposed for freely to local purchasers.

Remarks

(i) Summary of the terms of the tenancies leases are as follows:

As of July 2014

Beijing Properties – Tenants Summary

	Tenant	**Unit No.**	**Area**	**Lease Term**			**Rental**
				Months	*Duration*	*Rmb/Month/m²*	*Rmb/Month*
1	LANGDON & SEAH (BEIJING) CONSTRUCTION CONSULTANTS CO., LTD	1225-1238 1248	1,786	60	2013/06/01-2018/05/31	180	321,442
2	LANGDON & SEAH (BEIJING) CONSTRUCTION CONSULTANTS CO., LTD	1239-1242	349	36	2014/06/01-2018/05/31	180	62,836
3	LANGDON & SEAH (BEIJING) CONSTRUCTION CONSULTANTS CO., LTD	1247	140	36	2013/09/16-2016/09/15	180	25,283
4	CHINA NEW ENERGY CHAMBER OF COMMERCE	1243-1246	371	12	2014/06/10-2017/06/09	204	75,684
5	YIMIN ASSET MANAGEMENT CO., LTD	1425-1448	2,646	36	2012/12/13-2015/12/12	135	357,264
6	H3C TECHNOLOGIES CO., LIMITED	1625-1638 (1,559.65 m^2) 1825-1828 (489.99 m^2) 1840-1845 (519.88 m^2)	2,570	36	2013/08/04-2016/08/03	195	501,056
7	N/A	1639-1640	178		Status: IDLE	N/A	N/A
8	NANJING NARI GROUP CORPORATION INFORMATION AND COMMUNICATIONS TECHNOLOGY BRANCH	1641-1648	908	25	2014/01/24-2016/03/03	210	190,730
9	TIANYI (FUJIAN) MODERN AGRICULTURE DEVELOPMENT CO., LTD	1829-1833A	534	36	2013/09/22-2016/09/21	195	104,087
10	BEIJING JIAN RONG PROPERTY LIMITED	1835-1839	583	37	2014/03/12-2017/04/11	213	124,271
11	CHINA M-WORLD CO., LTD	1846-1848	406	36	2012/07/18-2015/07/17 (Unit No. 1846) 2012/05/23-2015/05/22 (Unit No. 1847-1848)	153	62,051
		TOTAL AREA: 10,472			**TOTAL MONTHLY RENTAL: RMB1,824,704**		

(ii) Site inspection was taken by Mr. Albert C. H. Pang on 2 July 2014 who has the qualifications of Member of the Hong Kong Institute of Surveyors (GP), Member of the Royal Institution of Chartered Surveyors (GP) and Registered Professional Surveyors (GP);

(iii) There is no rent review provision as advised by the Group;

(iv) The vacant spaces including units 1243 to 1246, 1639 to 1640, 1239 to 1242 with total floor area of 898.4 sq.m.;

(v) The classification of the properties is property held for investment;

(vi) The address of the valuer is 3/F, Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong; and

(vii) The valuation is by reference to comparable market transactions.

The following is the full text of the letter and the valuation certificate prepared for the purpose of incorporation in this circular received from Prudential, an independent valuer, in connection with its valuation of the Shenyang Properties as at 2 July 2014.

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PRUDENTIAL
Surveyors (Hong Kong) Limited
測建行香港有限公司

member of ICON CITY

2nd July 2014

Our Ref.: 2014CV00008

The Directors of Symphony Holdings Limited
10th Floor, Island Place Tower
No.510 King's Road
North Point
Hong Kong

Dear Sirs,

1. Two vacant sites Nos.88 and 89 North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, The People's Republic of China

2. A vacant site at North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the People's Republic of China (The Subject Property)

INSTRUCTION

In accordance with the instructions from Symphony Holdings Limited ("the Group") for us to value the Subject Property, we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 2nd July 2014 (the "Date of Valuation").

This letter, forming part of our valuation report, identifies the Subject 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 limiting conditions.

BASIS OF VALUATION

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

In respect of the Subject Property, the status of titles and grant of major certificates approvals and licences, in accordance with the information provided by the Group's PRC legal adviser are set out in the notes of the respective valuation certificates.

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

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated for deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Subject Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties (2012 Edition) issued by the HKIS and the generally accepted valuation procedures and practices of professional surveyors.

VALUATION METHODOLOGY

In arriving at the value of the property interest in the Subject Property, we have adopted the Direct Comparison Approach assuming such property interest is capable of being sold in its existing state or with the benefit of vacant possession and by making reference to comparable sales evidence or offerings as available in the relevant market.

VALUATION ASSUMPTIONS

In valuing the property interests, we have assumed that the Group has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of government rent and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Subject Property are to 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 their values. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Subject Property and no forced sale situation in any manner is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Subject Property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

All legal documents disclosed in this letter and valuation certificate are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificate.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dated of buildings, particulars of occupancy, site and floor plans, site and floor areas and other relevant matters in the identification of the Subject Property in which the Group has valid interest.

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

Yours faithfully,
For and on behalf of
PRUDENTIAL SURVEYORS (HONG KONG) LIMITED

Albert C H Pang
BSc (Hons) MRICS MHKIS RPS (GP)
Assistant General Manager

Mr. Albert C. H. Pang is a Registered Professional Surveyor (GP) with 17 years' experience in valuation of properties in HKSAR, Macau SAR, Mainland China and the Asia Pacific Region. Mr. Pang is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE OF PROPERTIES

	Property	Description	Details of occupancy	Market Value in existing state as at 2nd July 2014
1.	Two vacant sites North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, The People's Republic of China	The sites named as Nos. 88 and 89 respectively are in the same location of Property No.6. Site No. 89 has one side of land boundary abuts onto the major road which is named as Puheda Road while the Site No. 88 adjoins the western side of Site No.4. Please refer to the attached notes for details on acquisition of the sites from government, site area, plot ratio, permitted uses, etc.	The sites are vacant.	Site No.88 Land Value RMB71,302,000.00 Site No.89 Land Value RMB110,494,000.00 Development Value RMB867,000.00 Total RMB182,663,000.00

Notes:

(a) As advised, Ample Apex Limited and Boom Origin Limited had entered into the Confirmation Agreements with Shenyang Planning and Land Resources Bureau confirming the successful bidding of the properties at an auction held on 20 January 2011. Ample Apex Limited and Boom Origin Limited, the subsidiaries of Symphony Holdings Limited (the Company), would be contracted to grant the following land parcels with a total site area of approximately 99,338 sq.m. and the maximum proposed gross floor area of approximately 185,405 sq.m. for a total consideration of RMB167,553,982.60.

Particulars of the Sites

Name of Site		Site No. 88	Site No. 89	Total
(1)	Location	North of Puheda Road Daoyi Development Zone	North of Puheda Road Daoyi Development Zone	
(2)	Zoning	Commercial/ Residential	Commercial	
(3)	Site area	44,237 s.m.	55,101 s.m.	99,338 s.m.
(4)	Development conditions	i Plot ratio not to exceed 1.7 ii Green/landscaping area should be greater than 30%	i Plot ratio not to exceed 2 ii Green/landscaping area should be greater than 10%	
(5)	Term of lease	40 years for commercial 50 years for residential	40 years	
(6)	Sale price	RMB65,727,334.60	RMB101,826,648.00	RMB167,553,982.60

(b) The land cost of Sites Nos.88 and 89 was fully paid by the group to the government on 19th April 2011.

(c) The group has provided to us a copy of the State-owned Land Use Right Grant Contracts of Site No.89 and Site No.88. We have assumed all the title documents of the Sites will be obtained from government in due course.

(d) As the property interests are in the process of acquiring, situation of all major certificates/approvals are listed as follows:

i.	State-owned Land Use Rights Grant Contract of No.88	Signed on 15th September 2011
ii.	State-owned Land Use Rights Contract of No.89	Signed on 10th June 2011
iii.	State-owned Land Use Rights Certificate of No.89	Approved on 6th March 2013
iv.	Construction Land Use Planning Permit of No.89	Approved on 6th March 2013
v.	State-owned Land Use Rights Certificate of No.88	Approved on 23rd August 2013
vi.	Construction Land Use Planning Permit of No.88	Subject to application
vii.	Construction Works Planning Permit	Subject to application
viii.	Construction Works Commencement Permit	Subject to application
ix.	Pre-sale Permit	Subject to application
x.	Construction Works Completion Certified Report	Subject to application

VALUATION CERTIFICATE OF PROPERTIES

	Property	Description	Details of occupancy	Market Value in existing state as at 2nd July 2014
2.	A vacant site at North of Puheda Road, Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the People's Republic of China	The site registered as No. 2011-028 Shenbei Puheda Road North Land No. 124, also known as No.97 Pufeng Road with Puheda Road running at it further east immediately abuts the new development outlet mall namely Park Outlets on the east. Please refer to the attached notes for details on acquisition of the sites from government, site area, plot ratio, permitted uses, etc.	The site is vacant.	Land Value RMB177,944,000.00 Development Value RMB9,827,000.00 Total RMB187,771,000.00

Notes:

(a) Shenyang Keenson Alliance Properties Limited had bought the subject property from the government on 8th December 2011 under the public auction system and Sale Confirmation Letter was signed on 8th December 2011, registered as Shenbei Jiao No. [2011] 167.

Name of Site		Site No. 124
(1)	Location	North of Puheda Road Daoyi Development Zone, also known as No.97 Pufeng Road
(2)	Zoning	Commercial/ Residential
(3)	Site area	94,450 s.m.
(4)	Development conditions	i. Plot ratio not to exceed 2.0 ii. Green/landscaping area should be greater than 30% iii. Ratio of commercial not to exceed 5% iv. Site coverage not to exceed 40%
(5)	Building Height	Subject to satisfaction of concerned government departments
(6)	Term of lease	40 years for commercial 70 years for residential

(b) The group has provided to us a copy of the state-owned Land Use Right Grant Contract of No.124. We have assumed all the title documents of the site will be obtained from government in due course.

(c) The group has provided to us a Certified Attesting Certificate by the Shenyang No.2 Notary Public on 8th December 2011, No.(2011) Shen Er Zheng Min No. 4032 at the request of the Shenbei sub-office of the state Land Planning and Resource Bureau. The Notory Public Certified the Sale by public auction was correct in procedure.

(d) The land cost of the subject site No.124 was fully paid by the group to the government by several times.

(e) As the property interests are in the process of acquiring, situation of all major certificates/approvals are listed as follows:

i.	State-owned Land Use Rights Grant Contract	Signed on 9th February 2012
ii.	Construction Land Use Planning Permit	Subject to application
iii.	Construction Works Planning Permit	Subject to application
iv.	Construction Works Commencement Permit	Subject to application
v.	Pre-sale Permit	Subject to application
vi.	Construction Works Completion Certified Report	Subject to application

Remarks:

(i) Details of encumbrances: these lands are not pledged for any bank/other borrowings, as advised by the Group;

(ii) The sites were inspected by Mr. Albert C. H. Pang on 2 July 2014 who has the qualifications of Member of the Hong Kong Institute of Surveyors (GP), Member of the Royal Institution of Chartered Surveyors (GP) and Registered Professional Surveyors (GP);

(iii) The future development plan is shown as below, as advised by the Group.

Shenyang Properties consist of 2 lots of adjoining residential land totaling about 138,687 sq.m., and a lot of commercial land of about 55,101 sq.m. located at North of Puheda Road Daoyi Development Zone, Shenbei New District, Shenyang, Liaoning Province, the P.R.C.

The Company has been actively locating partners with real estate development background in the PRC to co-develop the said properties. Based on the Company's preliminary plans, the Shenyang Properties could, within the next 3 to 5 years, materialize into a sizable residential compound right next to a several-years-old outlet mall cum some high-rise service apartments.

The residential land available would give rise to a total gross floor area ("GFA") of up to 264,100 sq.m. which can accommodate a property-mix consisting of high rise/mid rise residential blocks, detached/undetached bungalows in a serene environment. Subject to the general market dynamics in the upcoming future, the residential units are meant for sale over a period of time to reap substantial monetary gain to the Company.

The Company is also planning to allocate about 40,000 sq.m. of the possible 110,201 sq.m. commercial GFA as Park Outlets West Zone, and the remaining commercial GFA would be turned into service apartments.

Park Outlets West Zone is an extension of the current Park Outlets that opened in 2012. Growing popularity in the area has called for more brand name products in response to the market demand. Therefore, the Company decides to execute the extension plan.

A total of RMB300 million is expected to be invested in the whole project of the Shenyang Properties;

(iv) The classification of the properties is property held for development;

(v) The address of the valuer is 3/F Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong;

(vi) The acquisition cost of the site No. 124 is RMB177,943,800 and other cost (tax and associated cost) is RMB9,826,714, as advised by the Group; and

(vii) With reference to Appendices V-4 & 6 the unit rates are by reference to Site Areas and the unit rates on page 118 of the 2013 annual report is by reference to Gross Floor Area. The valuation is by reference to comparable market transactions which is considered to be fair and reasonable.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately after the issue of the Consideration Shares (assuming that save for the issue of the Consideration Shares, no new Shares will be issued or repurchased from the Latest Practicable Date to Completion) will be, as follows:

Number of Shares		*HK$*
	Authorised	
20,000,000,000	Shares as at the Latest Practicable Date	2,000,000,000
	Issued and fully paid	
2,379,043,580	Shares in issue as at the Latest Practicable Date	237,904,358
260,260,000	Consideration Shares to be issued at Completion	26,026,000
2,639,303,580	**Total**	263,930,358

3. DISCLOSURE OF INTERESTS

(i) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company 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) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executives were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

Long Positions in the Shares

Director	*Notes*	Number of Shares held: Beneficial owner	Number of Shares held: Controlled corporation	Number of Shares held: Total	Approximate percentage of the issued share capital of the Company
Chan Ting Chuen ("Mr. Chan")	*1, 2*	8,950,000	664,677,468	673,627,468	28.32%
Sze Sun Sun Tony ("Mr. Sze")	*1, 3*	5,200,000	664,677,468	669,877,468	28.16%

Notes:

1. Well Success Investment Limited ("Well Success") was directly interested in 664,677,468 Shares. First Dynamic International Limited ("First Dynamic") held more than one-third of the issued share capital of Well Success. Each of Royal Pacific Limited ("Royal Pacific") and Alexon International Limited ("Alexon") held more than one-third of the issued share capital of First Dynamic. Accordingly, First Dynamic, Royal Pacific and Alexon were deemed to be interested in 664,677,468 Shares.

2. Mr. Chan had a direct interest in 8,950,000 Shares. Royal Pacific was wholly-owned by TC Chan Family Holdings Limited ("TCCFHL"), which in turn was wholly-owned by Mr. Chan. Accordingly, Mr. Chan was deemed to be interested in 673,627,468 Shares.

3. Mr. Sze had a direct interest in 5,200,000 Shares. Alexon was wholly-owned by Mr. Sze. Accordingly, Mr. Sze was deemed to be interested in 669,877,468 Shares.

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

(ii) Interests of substantial Shareholders

So far as was known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group, or held any option in respect of such capital were as follows:

(a) Interests in the Shares

Long Positions in the Shares

Shareholder	*Notes*	Capacity	Number of ordinary Shares held: Direct interests	Deemed interests	Total interests	Approximate percentage of the issued share capital of the Company
Well Success	*1*	Beneficial owner	664,677,468	–	664,677,468	27.94%
First Dynamic	*1*	Interest of controlled corporation	–	664,677,468	664,677,468	27.94%

Shareholder	*Notes*	Capacity	Number of ordinary Shares held Direct interests	Deemed interests	Total interests	Approximate percentage of the issued share capital of the Company
Royal Pacific	*1*	Interest of controlled corporation	–	664,677,468	664,677,468	27.94%
TC Chan Family Holdings Limited ("TCCFHL")	2	Interest of controlled corporation	–	664,677,468	664,677,468	27.94%
Mr. Chan	2	Beneficial owner and Interest of controlled corporation	8,950,000	664,677,468	673,627,468	28.32%
Ng Shuk Fong ("Madam Ng")	2	Spouse	–	673,627,468	673,627,468	28.32%
Alexon	*1*	Interest of controlled corporation	–	664,677,468	664,677,468	27.94%
Mr. Sze	*3*	Interest of controlled corporation	5,200,000	664,677,468	669,877,468	28.16%
Lau Yuk Wah ("Madam Lau")	*3*	Spouse	–	669,877,468	669,877,468	28.16%
Frensham Investments Limited ("Frensham")	*4*	Beneficial owner and Interest of controlled corporation	62,999,572	664,677,468	727,677,040	30.59%
Pou Yuen Industrial (Holdings) Limited ("Pou Yuen")	*4*	Interest of controlled corporation	–	727,677,040	727,677,040	30.59%
Yue Yuen Industrial Limited ("Yue Yuen Industrial")	*4*	Interest of controlled corporation	–	727,677,040	727,677,040	30.59%
Pou Hing Industrial Company Limited ("Pou Hing")	*4*	Interest of controlled corporation	–	727,677,040	727,677,040	30.59%

Shareholder	*Notes*	Capacity	Number of ordinary Shares held Direct interests	Deemed interests	Total interests	Approximate percentage of the issued share capital of the Company
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	4	Interest of controlled corporation	–	727,677,040	727,677,040	30.59%
Wealthplus Holdings Limited ("Wealthplus")	4	Interest of controlled corporation	–	727,677,040	727,677,040	30.59%
Pou Chen Corporation ("Pou Chen")	4	Interest of controlled corporation	–	727,677,040	727,677,040	30.59%
Mr. Cheng	5	Beneficial owner and Interest of controlled corporation	261,000,000	260,260,000	521,260,000	21.91%
Li Wa Hei ("Madam Li")	5	Spouse	–	521,260,000	521,260,000	21.91%
Vendor	5	Beneficial owner	260,260,000	–	260,260,000	10.94%

Notes:

1. As at the Latest Practicable Date, Well Success was directly interested in 664,677,468 Shares. First Dynamic held more than one-third of the issued share capital of Well Success. Each of Royal Pacific and Alexon held more than one-third of the issued share capital of First Dynamic. Accordingly, First Dynamic, Royal Pacific and Alexon were deemed to be interested in 664,677,468 Shares.

2. Madam Ng is the wife of Mr. Chan, a Director of the Company. Royal Pacific is wholly-owned by TCCFHL, which in turn is wholly-owned by Mr. Chan. As at the Latest Practicable Date, Royal Pacific was deemed to be interested in 664,677,468 Shares (see Note 1), therefore both Mr. Chan and Madam Ng were deemed to be interested in 664,677,468 Shares. Furthermore, Mr. Chan was directly interested in 8,950,000 Shares. Accordingly, Madam Ng was deemed to be interested in a total of 673,627,468 Shares.

3. Madam Lau is the wife of Mr. Sze, a Director of the Company. Alexon is wholly-owned by Mr. Sze. As at the Latest Practicable Date, Alexon was deemed to be interested in 664,677,468 Shares (see Note 1), therefore both Mr. Sze and Madam Lau were deemed to be interested in 664,677,468 Shares. Furthermore, Mr. Sze was directly interested in 5,200,000 Shares. Accordingly, Madam Lau was deemed to be interested in a total of 669,877,468 Shares.

4. Frensham was a wholly-owned subsidiary of Pou Yuen which in turn was a wholly-owned subsidiary of Yue Yuen Industrial. Yue Yuen Industrial was a wholly-owned subsidiary of Pou Hing which in turn was a wholly-owned subsidiary of Yue Yuen. Wealthplus, a wholly-owned subsidiary of Pou Chen, held over one-third of the entire issued share capital of Yue Yuen. As at the Latest Practicable Date, Frensham held more than one-third of the issued share capital of Well Success and was therefore deemed to be interested in 664,677,468 Shares. In addition, Frensham had a direct interest in 62,999,572 Shares. Accordingly, all of Frensham, Pou Yuen, Yue Yuen Industrial, Pou Hing, Yue Yuen, Wealthplus and Pou Chen were deemed to be interested in 727,677,040 Shares.

5. Madam Li is the wife of Mr. Cheng and the Vendor is wholly-owned by Mr. Cheng. As at the Latest Practicable Date, the Vendor was directly interested in 260,260,000 Shares, therefore both Mr. Cheng and Madam Li were deemed to be interested in 260,260,000 Shares. Furthermore, Mr. Cheng was directly interested in 261,000,000 Shares. Accordingly, Madam Li was deemed to be interested in a total of 521,260,000 Shares.

(b) Substantial shareholders of other members of the Enlarged Group

Shareholder	Name of subsidiary	Percentage of shareholding
沈陽通鼎商貿有限公司 (Shenyang Tong Ding Trading Limited*)	瀋陽建新聯合置業有限公司 (Shenyang Keenson Alliance Properties Limited*)	12%
Mitsubishi Estate Co., Ltd	Premier Ever Group Limited	37.5%
濱海團泊新城(天津)控股有限公司 (Binhai Tuanbo Xincheng (Tianjin) Holdings Limited)*	天津團泊尚柏奧萊商務管理有限公司 (Tianjin Tuanbo Park Outlets Management Company Limited)*	20%
楊銳 (Yangrui)	天津團泊尚柏奧萊商務管理有限公司 (Tianjin Tuanbo Park Outlets Management Company Limited)*	10%
李匡如 (Li Kuangru)	天津團泊尚柏奧萊商務管理有限公司 (Tianjin Tuanbo Park Outlets Management Company Limited)*	10%

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware, no person had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group, or who had any options in respect of such capital.

* *For identification purposes only*

4. DISCLOSURE OF OTHER INTERESTS

(i) Interests in contract or arrangement

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Directors was materially interested and which was significant in relation to the business of the Enlarged Group.

(ii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

(iii) Interests in competing business

As at the Latest Practicable Date, none of the Directors and their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Enlarged Group.

6. MATERIAL CONTRACTS

Set out below are the contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Enlarged Group within the two years immediately preceding the Latest Practicable Date that are or may be material:

(i) the disposal agreement dated 27 September 2012 between Zhongshan Jingmei Footwear Company Limited ("Jingmei") (an indirect wholly-owned subsidiary of the Company) and Fujian Weilan Company Limited ("Weilan") regarding the disposal of the industrial complex with an aggregate gross floor area of approximately 82,949 sq.m. (the "Property") erected on the four pieces of land located at Zhangjiabian Village, Zhongshan City, the PRC, with a total site area of approximately 108,171 sq.m. for an aggregate consideration of RMB143 million;

(ii) the lease agreement dated 27 September 2012 between Jingmei and Weilan regarding the lease of certain portions of the Property with an aggregate gross floor area of 33,211 sq.m. for an initial term of 12 months and extendable on the same terms by mutual agreement of the parties to the lease agreement for another 12 months at a monthly rent of RMB265,688;

(iii) the sale and purchase agreement dated 27 March 2013 between Power Plus Limited ("Power Plus") (an indirect wholly-owned subsidiary of the Company) and Canstrong International Limited ("Canstrong") in relation to the acquisition of 50% of the issued share capital of China Ocean Resources Limited ("China Ocean") and the shareholders' loan owed by China Ocean to Canstrong at a consideration of US$15.5 million;

(iv) the sale and purchase agreement dated 27 March 2013 between Power Plus and Canstrong in relation to the disposal of 5,000 ordinary shares of US$10.00 each and 2,160 preferred shares of US$5,000.00 each in the capital of Grand Wealth Group Limited ("Grand Wealth") and the shareholders' loan owed by Grand Wealth to Power Plus at a consideration of US$15.53 million;

(v) the agreement dated 27 March 2013 ("Trademark Agreement") between Always Gain Holdings Limited ("Always Gain") (an indirect wholly-owned subsidiary of China Ocean) and Dream Smart Limited ("Dream Smart") in relation to the transfer of the "PONY" trademarks that were registered in the PRC and Taiwan from Always Gain to Dream Smart at a consideration of US$5 million;

(vi) the sale and purchase agreement dated 22 April 2013 between China Ocean, Sharp Gain Profits Limited, Dream Smart and Always Gain in relation to the disposal of the entire equity interest in and shareholders' loan owed by Always Gain at a consideration of US$5 million and the termination of the Trademark Agreement;

(vii) the sale and purchase agreement dated 28 June 2013 between the Purchaser and Global Castle Holdings Limited ("Global Castle") in relation to the disposal of the entire equity interest in and shareholders' loan due by Yi Ming Investments Limited to Global Castle for an initial aggregate consideration of HK$429,198,743;

(viii) the placing agreement dated 22 August 2013 between the Company and China Rise Securities Company Limited ("China Rise"), pursuant to which China Rise conditionally agreed to place, on a fully underwritten basis, not less than 712,500,000 new Shares and not more than 787,500,000 new Shares to not less than six independent placees at the placing price of HK$0.380;

(ix) the sale and purchase agreement dated 12 February 2014 between Essential Holdings Limited (a wholly-owned subsidiary of the Company) and Mr. Cheng in relation to the acquisition of the entire equity interest in and shareholders' loan owed by Jin Dragon Holdings Limited for an aggregate consideration of HK$146,157,119; and

(x) the Agreement.

Save as disclosed above, there are no other contracts (not being contracts entered into the ordinary course of business) entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and ending on the Latest Practicable Date, which are or may be material.

7. LITIGATION

From 2008 to 2011, the Inland Revenue Department ("IRD") issued protective profits tax assessments for additional profits tax to certain wholly-owned subsidiaries of the Company relating to the years of assessment of 2001/2002 to 2004/2005, i.e. for the four financial periods ended 31 December 2004.

The Group had lodged objections with the IRD against the protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the relevant subsidiaries' purchases of tax reserve certificates ("TRCs") amounted to approximately HK$23 million. These TRCs were purchased and included in tax recoverable as at 31 December 2013 and 2012 in the 2013 Annual Report. In July and August 2012, the Group purchased additional TRCs amounted to HK$10.2 million relating to the year of assessment of 2004/2005 at the request of IRD.

In December 2011, the Deputy Commissioner of the IRD issued his written determinations. Among others, he is of the view that the wholly-owned subsidiaries referred to above are subject to Hong Kong profits tax and confirmed/revised the protective profits tax assessments for 2001/2002 to 2004/2005 in the amount of approximately HK$306 million in aggregate. In January 2012, the Group filed notices of appeal to the Board of Review objecting to the written determinations the IRD issued in December 2011.

In March 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HK$90.5 million in aggregate in accordance with the written determinations referred to above to the wholly-owned subsidiaries concerned for the year of assessment 2005/2006. The Group had lodged objections with the IRD against these protective profits tax assessments. The IRD agreed to hold over the additional tax claimed subject to the Group purchasing TRCs amounted to HK$12 million, which the Group did in July 2012.

The protective assessments issued by IRD according to his determination for additional profits tax in aggregate of HK$396.5 million mentioned above for the years of assessment from 2001/2002 to 2005/2006 were issued on three alternative bases on the same set of profits for each year of assessment.

In March 2011, the Group filed an application to the Court for a judicial review contending, inter alia, whether the IRD has the power to issue multiple assessments against different group companies for the same set of profits for the years of assessment of 2001/2002 to 2004/2005.

The judicial review proceedings were heard on the 1st and 2nd February of 2012. The judgment in respect of the judicial review was handed down in May 2012. Among other things, the Group's application for relief to quash each of the assessments issued by the IRD and the conditional holdovers were not granted. The Court of First Instance held that the IRD can issue multiple assessments in respect of the same set of profits to different taxpayers on alternative bases, so long as there is no double recovery of tax.

In October 2012, the IRD also issued protective profits tax assessments for profits tax or additional profits tax for HK$124.5 million in aggregate to the wholly-owned subsidiaries relating to the years of assessment from 2006/07 to 2009/10 on three alternative bases on the same set of profits for each year of assessment. The Group lodged objections with the IRD regarding these protective profits tax assessments. The IRD agreed to holdover the additional tax claimed subject to the Group's purchasing TRCs amounted to HK$6.9 million, which were done by the Group in January 2013.

Based on the mode of operations and activities of the subsidiaries and the merit of the Group's position as assessed by its tax counsel, the Directors are of the opinion that the Group companies concerned are not subject to Hong Kong profits tax.

The Group's appeal to the Board of Review is pending. The eventual outcome of this action and the financial impact thereof on the Group, if any, cannot be readily ascertained at this stage.

Save as disclosed above, neither the Company nor any of its subsidiaries was engaged in any material litigation or claims and no material litigation or claims were pending or threatened by or against any member of the Enlarged Group as at the Latest Practicable Date.

8. EXPERTS AND CONSENTS

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

Name	Qualification
BDO Limited	Certified Public Accountants
Hercules	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Prudential	independent professional valuer
A&E Law Firm	legal adviser to the Company as to PRC laws

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any members of the Group, or any direct or indirect interests in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2013 (the date to which the latest published audited financial statements of the Group were made up).

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 letters or reports and references to its name in the form and context in which they appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Business Days at the office of the Company at 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong from the date of this circular up to and including the date of the SGM:

(i) the memorandum of association and bye-laws of the Company;

(ii) the annual reports of the Company for each of the two financial years ended 31 December 2012 and 2013;

(iii) the letter from the Independent Board Committee, the text of which is set out on page 19 of this circular;

(iv) the letter of advice from Hercules, the text of which is set out on pages 20 to 47 of this circular;

(v) the accountant's report on the Trillion Earning Group as set out in Appendix II to this circular;

(vi) the accountant's report on the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular;

(vii) the valuation reports from Prudential on the Beijing Properties and the Shenyang Properties as set out in Appendix IV and Appendix V to this circular respectively;

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

(ix) the written consents of the experts referred to in the section headed "Experts and consents" in this appendix; and

(x) this circular.

10. MISCELLANEOUS

(i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is at 10th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong.

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

(iii) The company secretary of the Company is Ms. Chow So Ying Anna, who is a solicitor (as defined in the Legal Practitioners Ordinance).

(iv) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

SYMPHONY HOLDINGS LIMITED

新灃集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 01223)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting of the shareholders of Symphony Holdings Limited (the "Company") will be held at 10:00 a.m. on Thursday, 11 September 2014 at the Boardroom on the 10th Floor of Island Place Tower, 510 King's Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modification, the following ordinary resolution:

ORDINARY RESOLUTION

1. "**THAT**:

(a) the conditional acquisition and disposal agreement dated 2 July 2014 (supplemented by an addendum on 6 August 2014) (the "Agreement") entered into between Cosmo Group Holdings Limited, a direct wholly-owned subsidiary of the Company (the "Purchaser"), and GoldSilk Capital Limited (the "Vendor") in relation to the acquisition of the entire equity interest in Trillion Earning Limited for an aggregate consideration of HK$481,545,488 (subject to adjustment), a copy of which has been produced to the meeting, marked "A" and initialed by the chairman of the meeting for the purpose of identification, be and is hereby approved, confirmed and ratified;

(b) the allotment and issue by the Company of 260,260,000 new shares of HK$0.10 each (the "Consideration Shares") to the Vendor or its nominee at an issue price of HK$0.66 in accordance with the Agreement be and is hereby approved;

(c) the transfer of 42 issued shares of US$1 each in the capital of Giant Eagle Enterprises Limited ("Giant Eagle") and 42% of all the amounts owed by Giant Eagle and its subsidiaries to the Purchaser at a consideration of HK$215,242,085 in accordance with the Agreement be and is hereby approved; and

* *For identification purposes only*

(d) the directors of the Company be and are hereby authorized to exercise all powers of the Company and to take such actions, do such things, agree to such amendments, variations or extension to the Agreement and execute such documents or deeds as in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares)."

By order of the Board
Symphony Holdings Limited
Chan Ting Chuen
Chairman

Hong Kong, 25 August 2014

As at the date of this notice, the directors of the Company are:

Executive Directors:	Mr. Chan Ting Chuen *(Chairman)* Mr. Sze Sun Sun Tony *(Deputy Chairman & Managing Director)* Ms. Chen Fang Mei Mr. Chan Kar Lee Gary
Non-executive Director:	Mr. Liu George Hong-chih
Independent Non-executive Directors:	Mr. Cheng Kar Shing Mr. Ho Shing Chak Mr. Shum Pui Kay Mr. Wah Wang Kei Jackie