THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 Great Harvest Maeta Group Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

Great Harvest Maeta Group Holdings Limited
榮 豐 聯 合 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3683)

MAJOR AND CONNECTED TRANSACTION INVOLVING THE ISSUE OF CONVERTIBLE BONDS

Capitalised terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at Room 2702, 27th Floor, 200 Gloucester Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 3 May 2016 is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

A letter from the Board is set out on pages 6 to 38 of this circular. A letter from the Independent Board Committee is set out on pages 39 to 40 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 41 to 58 of this circular.

15 April 2016

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

"Ablaze Rich"	Ablaze Rich Investments Limited (耀豐投資有限公司), a company incorporated in the BVI on 1 July 2008 and the holding company of the Company
"Acquisition"	the acquisition of the Sale Shares by the Company from the Vendors pursuant to the Sale and Purchase Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Bondholder(s)"	holder(s) of the Convertible Bonds
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Commencement Deadline"	the deadline for commencement of construction works in respect of the Land as stipulated in the Extension Agreement, i.e. 31 March 2016
"Company"	Great Harvest Maeta Group Holdings Limited (榮豐聯合控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date on which the Completion takes place
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration payable by the Company to the Vendors for the Sale Shares
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Conversion Price"	the initial conversion price of HK$1.096 per Conversion Share, which is subject to adjustment(s) pursuant to the terms and conditions of the Convertible Bonds

"Conversion Shares"	the Shares to be allotted and issued by the Company upon the exercise of the conversion right attaching to the Convertible Bonds
"Convertible Bonds"	convertible bonds in the total principal amount of US$54.0 million to be issued by the Company to the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
"Director(s)"	director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds to the Vendors and the allotment and issue of the Conversion Shares upon the exercise of conversion rights attaching to the Convertible Bonds, and other ancillary matters as may be required under the Listing Rules
"Enlarged Group"	the Group as enlarged by the Acquisition
"Extension Agreement"	the "agreement for development deadline of state-owned construction land" (Hai Tu Zhi Chu [2015] No. 7) (《國有建設用地限期開發協議》(海土資處[2015]第7號)) dated 11 March 2015 entered into between Haikou Land and Resources Bureau and the PRC Company
"First Convertible Bonds"	convertible bonds in the principal amount of US$3,000,000 due 2018 issued by the Company and subscribed by Ablaze Rich pursuant to the terms and conditions of the subscription agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich
"Great Harvest Landmark"	Great Harvest Landmark Investment Company Limited, a company incorporated in the BVI with limited liability, being a direct wholly-owned subsidiary of the Target Company as at the Latest Practicable Date
"Great Harvest Realty"	Great Harvest Realty Investment Company Limited, a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Target Company as at the Latest Practicable Date
"Group"	the Company and its subsidiaries
"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 (namely, Mr. Cheung Kwan Hung, Dr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung) established for the purpose of advising the Independent Shareholders in respect of, among other things, the Acquisition
"Independent Financial Adviser" or "VBG Capital"	VBG Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Acquisition
"Independent Shareholders"	Shareholders other than Mr. Yan, Ms. Lam and Mr. Yin Hai and their respective associates and other persons (if any) who have a material interest in the Acquisition and are required to abstain from voting on the resolution for approving the Acquisition at the EGM under the Listing Rules
"Independent Valuer" or "Colliers"	Colliers International (Hong Kong) Ltd., an independent valuer appointed by the Company in respect of the Acquisition
"Intended Uses"	the Group's intended uses in respect of the Land, i.e. for the purpose of (i) trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks, (ii) serviced apartments, and (iii) office, retail, car parking and other ancillary facilities
"Land"	two parcels of land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (中國海南省海口市瓊山區紅旗鎮美典坡)
"Latest Practicable Date"	12 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
"Listing Committee"	has the same meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Longstop Date"	31 December 2016 (as extended pursuant to the Supplemental Agreement), or such later date as the Company and the Vendors may agree
"Mr. Yan"	Mr. Yan Kim Po (殷劍波先生), the chairman of the Board, an executive Director, a controlling shareholder of the Company, the spouse of Ms. Lam and one of the Vendors

"Mr. Yin Hai"	Mr. Yin Hai (殷海先生), the younger brother of Mr. Yan and one of the Vendors
"Mrs. Yin	Ms. Si Li Qun (司立群女士), the spouse of Mr. Yin Hai
"Ms. Lam"	Ms. Lam Kwan (林群女士), the chief executive officer of the Company, an executive Director, a controlling shareholder of the Company, the spouse of Mr. Yan and one of the Vendors
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Company"	海南華儲實業有限公司 (for identification only, Hainan Huachu Industrial Co., Ltd.), a company established in the PRC with limited liability, being an indirect non-wholly owned subsidiary of the Target Company as at the Latest Practicable Date
"Restricted Holder"	a Bondholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of conversion rights attaching to the Convertible Bonds by such Bondholder or the performance by the Company of the obligations expressed to be assumed by it under the Convertible Bonds or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction
"Sale and Purchase Agreement"	the agreement dated 23 December 2015 entered into between the Company and the Vendors in relation to, among other matters, the Acquisition as amended by the Supplemental Agreement
"Sale Shares"	such number of shares in the Target Company representing the entire issued and paid up share capital of the Target Company
"SFO"	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Share Option Scheme"	the share option scheme of the Company approved and adopted by an ordinary resolution of the Shareholders at the annual general meeting of the Company held on 19 August 2011
"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Supplemental Agreement"	the agreement dated 31 March 2016 entered into between the Company and the Vendors to amend and supplement the Sale and Purchase Agreement
"Target Company"	Top Build Group Ltd., a company incorporated in the BVI with limited liability, the entire issued share capital of which was owned as to 40.8% by Mr. Yan, 39.2% by Ms. Lam and 20% by Mr. Yin Hai as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiaries
"Vendors"	collectively, Mr. Yan, Ms. Lam and Mr. Yin Hai
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States of America
"dwt"	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
"km"	Kilometers
"sq.m."	square metre
"%"	per cent.

For ease of reference and unless otherwise specified in this circular, sum in US$ and RMB is translated at the rate of US$1.0 = RMB6.4788 and sum in US$ and HK$ is translated at the rate of US$1.0 = HK$7.75. This does not mean that any of the above mentioned currency has been, could have been or may be converted at such exchange rates.

The English names of the Chinese entities marked with "" are translations of their Chinese names and are included in this circular for identification purposes only; such translations should not be regarded as their official English names.*

In case of any inconsistency, the English text of this circular shall prevail over the Chinese text.

Great Harvest Maeta Group Holdings Limited
榮豐聯合控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3683)

Executive Directors:
Mr. Yan Kim Po
Ms. Lam Kwan
Mr. Cao Jiancheng

Independent non-executive Directors:
Mr. Cheung Kwan Hung
Dr. Chan Chung Bun, Bunny
Mr. Wai Kwok Hung

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

Headquarters and principal place of business in Hong Kong:
12th Floor
200 Gloucester Road
Wanchai
Hong Kong

15 April 2016

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION INVOLVING THE ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

Reference is made to the announcements of the Company dated 23 December 2015 and 31 March 2016 in relation to, among other things, the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder.

The Board announced that on 23 December 2015 (after trading hours), the Company and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Company has conditionally agreed to acquire from the Vendors the entire issued share capital of the Target Company for a total consideration of US$54.0 million which will be settled by way of issue of the Convertible Bonds in the total principal amount of US$54.0 million. The Target Company indirectly via its subsidiaries holds 91% interest in the PRC

Company which holds the Land. On 31 March 2016, the Company and the Vendors entered into the Supplemental Agreement to amend certain terms of the Sale and Purchase Agreement. Further details in respect of the Sale and Purchase Agreement (as amended by the Supplemental Agreement) are set out in the section headed "The Sale and Purchase Agreement" below.

The purposes of this circular are to provide you with, among other things, (i) details of the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of, among other things, the Sale and Purchase Agreement (as amended by the Supplemental Agreement) and the Acquisition; (iii) a letter of advice from VBG Capital to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Sale and Purchase Agreement and the Acquisition; (iv) the financial information of the Group; (v) the financial information of the Target Group; (vi) the unaudited pro forma combined statements of assets and liabilities of the Enlarged Group assuming Completion had taken place on 31 December 2015; (vii) the property valuation report of the Land prepared by Colliers; (viii) other information as required under the Listing Rules; and (ix) the notice convening the EGM.

THE SALE AND PURCHASE AGREEMENT

Date: 23 December 2015 (as amended by the Supplemental Agreement dated 31 March 2016)

Vendors: Mr. Yan, Ms. Lam and Mr. Yin Hai

Purchaser: the Company

Interest to be acquired under the Acquisition

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares subject to and upon the terms and conditions of the Sale and Purchase Agreement.

Consideration

The total consideration for the Sale Shares is US$54.0 million, comprising of (i) US$22,032,000 payable to Mr. Yan, (ii) US$21,168,000 payable to Ms. Lam, and (iii) US$10,800,000 payable to Mr. Yin Hai.

Upon Completion, the consideration for the Sale Shares shall be payable and satisfied by the Company issuing, at the Company's cost and expense, the Convertible Bonds in the following manner:

(a) as to the principal amount of US$22,032,000, to Mr. Yan;

(b) as to the principal amount of US$21,168,000, to Ms. Lam; and

(c) as to the principal amount of US$10,800,000, to Mr. Yin Hai.

Particulars of the Convertible Bonds are set out in the section headed "The Convertible Bonds" below.

Conditions Precedent

Completion is conditional upon the following conditions being fulfilled:

(i) none of the warranties as stipulated in the Sale and Purchase Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;

(ii) the granting of the approval for the listing of, and permission to deal in, the Conversion Shares by the Listing Committee of the Stock Exchange (whether subject to conditions or not);

(iii) the approval by the Shareholders (or, as the case may be, the Independent Shareholders) of the transactions contemplated under the Sale and Purchase Agreement and all other consents and acts required under the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange; and

(iv) the Board (including the independent non-executive Directors) approving and authorising the transactions contemplated under the Sale and Purchase Agreement.

The Company may at its sole and absolute discretion and at any time waive in writing the condition (i) above. None of the parties may waive the conditions (ii), (iii) and (iv) above. If any of the above conditions has not been satisfied (or, as the case may be, waived by the Company) on or before 12:00 noon on the Longstop Date, the Sale and Purchase Agreement shall cease and determine and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Representations, warranties, undertakings and indemnities

Pursuant to the Sale and Purchase Agreement, the Vendors have jointly and severally undertaken and warranted to the Company that each of them shall use their best endeavours to procure for, by the Completion Date:

i. extension by the competent governmental authorities in the PRC of the Commencement Deadline (i.e. 31 March 2016) as stipulated in the Extension Agreement to a date falling on or after 30 September 2016; and

ii. clarification or change of the permitted land use in respect of the Land by the competent governmental authorities in the PRC so that the Company's Intended Uses may be consummated.

In respect of (i) above, as confirmed by the Vendors, certain preliminary construction works on the Land had already commenced and, as confirmed by the Haikou Land and Resources Bureau in its reply to the PRC Company dated 31 March 2016 (the "**Reply**"), the PRC Company was not in breach of any term of the Extension Agreement in relation to the commencement and completion of the construction works in respect of the Land that would result in default compensation, land idle fee or forfeiture of land use right thereunder. As advised by the PRC legal adviser of the Company, as the PRC Company has not breached the Commencement Deadline, it will not be subject to any default compensation, land idle fee or forfeiture of land use right of the Land as aforementioned.

In respect of (ii) above, as clarified by the Haikou Land and Resources Bureau in the Reply, the permitted land use of the Land as recorded on the land use right certificates, that is, "accommodation and catering", falls within the sub-category of the "land for commercial service facilities" category under the applicable PRC laws and regulations and therefore the PRC Company may develop the Land for the Intended Uses in accordance with the applicable laws. As such, the PRC legal adviser is of the view that the Intended Uses are not in breach of the permitted land use of the Land and the PRC Company may develop the Land for the Intended Uses in accordance with the applicable laws. The PRC legal adviser is also of the view that, in the event that change or adjustment of the permitted land use is required by the relevant land bureau, there will not be any legal impediment in respect of any application for such change or adjustment given that the change or adjustment would not involve the change of the principal category (that is, "land for commercial service facilities"), no payment of additional land premium will be required, and such Intended Uses have already been endorsed by the Haikou Land and Resources Bureau.

That said, the PRC Company will still be required to comply with other applicable PRC laws and regulations that are generally required for property development in the course of development of the Land, such as compliance with the applicable procedures under in relation to planning, constructions and environmental protection, and the PRC legal adviser is of the view that there is no legal impediment for the PRC Company to comply with the applicable procedures.

As advised by the PRC legal adviser of the Company, the Haikou Land and Resources Bureau is the land administrative bureau responsible for the administration of the use of lands in Haikou, Hainan Province, the PRC, and is the competent authority in giving the confirmation in the Reply.

On the above basis, the Directors consider the extension of the Commencement Deadline under the above undertaking is no longer necessary and it is not in the interest of the Company and its Shareholders as a whole for the PRC Company to incur additional time, cost and effort in seeking for such unnecessary extension. Given the above clarification by the Haikou Land and Resource Bureau, the undertaking regarding the clarification of the permitted land use of the Land has already been fulfilled. Without prejudice to the rights of the Company under the Sale and Purchase Agreement, the Company may consider waiving the above undertakings unless there is any change of circumstances affecting the abovementioned legal positions of the Land before Completion. Unless so waived by the Company, any failure to comply with the undertakings by the Vendors may constitute and/or a material breach of the Sale and Purchase Agreement, and the Company is entitled under the Sale and Purchase Agreement to (among others) rescind the Sale and Purchase Agreement and not to proceed with Completion.

While the Company may at its sole and absolute discretion and at any time to waive any of these undertakings and to elect not to rescind the Sale and Purchase Agreement (thereby electing to proceed with Completion), any such decision will be subject to approval by the disinterested members of the Board (comprising mainly the independent non-executive Directors) on an informed basis with regard to (among others) the potential risks to the Group and where any Directors having a material interest (including Mr. Yan and Ms. Lam) will be required to abstain from voting (and not be counted in the quorum) for such resolutions as required under the articles of association of the Company.

In addition, each of the Vendors has jointly and severally undertaken to indemnify and keep indemnified on demand the Company (for itself and as trustee for each member of the Target Group) against any loss, liability, damages, claims, fines, penalties, orders, expenses and costs or loss of profits, benefits or other commercial advantages suffered by the Company or any member of the Target Group as a result of or in connection with, among other things (collectively, the "**Relevant Indemnities**"):

i. non-compliance with the Commencement Deadline;

ii. the Intended Uses being in conflict with the actual permitted land use or town planning requirements in respect of the Land as determined by the competent governmental authorities in the PRC, and as a result the Group is restricted from pursuing the Intended Uses in respect of the Land;

iii. any taxation (as defined in the Sale and Purchase Agreement) incurred by any member of the Target Group arising from or in connection with any transfer of equity interest in any member of the Target Group or any transfer of equity interest in any other company in which any member of the Target Group is the transferor or transferee prior to Completion;

iv. any irregularity in any transfer of equity interest in any member of the Target Group prior to the Completion Date or any non-compliance or alleged non-compliance by any member of the Target Group with any applicable PRC laws, rules and regulations prior to the Completion Date; and

v. any land appreciation tax and enterprise income tax as may be charged by the competent PRC governmental authorities against the PRC Company or any other member of the Target Group for any disposal(s) of any or all part of the Land (including any or all part of any future development thereon), at any time commencing from the Completion Date up to and including the earlier of (a) the date on which the PRC Company or any member of the Group ceases to hold any interest in the Land and (b) the expiry date of the term of use of the Land as stated in the land use right certificates in respect of the Land, provided that the Vendors shall only be liable in respect of the portion of such taxation that is attributable to the difference between (i) the book value of the Land as at 31 August 2015 and (ii) the fair value of the Land as at 30 November 2015 based on a property valuation report of the Land prepared by Colliers (or, where appropriate, as at such later valuation date as adopted in the final version of such valuation report), and in any event the maximum liabilities of the Vendors under this provision shall be limited to the amount of deferred tax liabilities as at 31 August 2015 as recorded on the audited consolidated accounts of the Target Group prepared by PKF Hong Kong (or, where appropriate, as at such later date being the date up to which the final version of such audited consolidated accounts is made up).

Taking into account (a) that the Group will be indemnified by the Vendors pursuant to the Relevant Indemnities; (b) that the Company is entitled to rescind the Sale and Purchase Agreement and not to proceed with Completion in the event that the Vendors are in material breach of any of their representations and warranties (including those in relation to the extension of the Commencement Deadline and the Intended Uses), (c) the right to waive any of the representations and warranties given by the Vendor under the Sale and Purchase Agreement rests with the Company in its sole and absolute discretion, and (d) any decision for (b) and (c) above by the Company would be determined by the disinterested members of the Board (comprising mainly the independent non-executive Directors) on an informed basis, the Company takes the view that the above terms of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders.

Completion

Completion shall take place at 12:00 noon on the third Business Day after the conditions (ii), (iii) and (iv) as set out in the section headed "Conditions Precedent" above have been fulfilled.

THE CONVERTIBLE BONDS

Pursuant to the Sale and Purchase Agreement, the consideration for the Sale Shares shall be satisfied by the issue of the Convertible Bonds by the Company to the Vendors. The principal terms of the Convertible Bonds are as follows:

Issuer: The Company

Principal amount: US$54.0 million

Interest: Zero coupon rate

Conversion Price: HK$1.096 per Conversion Share, which is subject to adjustments from time to time upon the happening of any of the events below:

(1) **Share consolidation or sub-division:** If and whenever the Shares by reason of any consolidation, sub-division or reclassification become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the revised nominal amount; and

B = the former nominal amount.

Each such adjustment shall be effective from the close of business in Hong Kong on the date on which the consolidation or sub-division becomes effective.

(2) **Capitalisation issue:** If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or, if any, capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C + D}$$

where:

C = the aggregate nominal amount of the issued Shares immediately before such issue; and

D = the aggregate nominal amount of the Shares issued in such capitalisation.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

(3) **Capital distribution:** If and whenever the Company shall make any capital distribution (except where, and to the extent that, the Conversion Price falls to be adjusted under paragraph (2) above) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the market price (being the arithmetic mean of the closing price per Share for the last five trading days) on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the capital distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved merchant bank or auditors of the Company for the time being, of the portion of the capital distribution or of such rights which is attributable to one Share;

Provided that:

(i) if in the opinion of the relevant approved merchant bank or auditors of the Company (as the case may be), the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine, and in such event the above formula shall be construed as if F meant the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and

(ii) the provisions of this paragraph (3) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the capital distribution or grant.

(4) **Rights and other issue:** If and whenever the Company shall after the date of the Convertible Bonds offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options, warrants or other rights to subscribe for or purchase any Shares, the Conversion Price in force immediately before the date of the announcement of such offer or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{G + \dfrac{H \times I}{J}}{G + H}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

H = the aggregate number of Shares so offered for subscription;

I = the amount (if any) payable for the rights, options or warrants or other rights to subscribe for each new Share, plus the subscription price payable for each new Share; and

J = the closing price per Share on the last trading day on which the Shares are traded on cum-rights basis.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer.

However, no adjustment to the Conversion Price shall be made under paragraphs (1), (2), (3) or (4) above for any of the following:

(a) the issue and allotment of any Conversion Shares upon the exercise of the conversion rights attached to the Convertible Bonds and the First Convertible Bonds;

(b) the grant of any options or the issue and allotment of any Shares pursuant to the exercise of any options granted under the Share Option Scheme or any other share option scheme duly approved by the Company or its subsidiary;

(c) an issue of fully-paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into, or rights to acquire, Shares; and

(d) the issue and allotment of Shares pursuant to a scrip dividend scheme duly approved by the Company in accordance with its constitutional documents.

Exchange rate:	For the purpose of the Convertible Bonds, including for the purpose of determining the number of Conversion Shares issuable upon exercise of any conversion right at the Conversion Price, the following exchange rate shall apply: HK$7.75 to US$1.00.
Maturity date:	the date falling on five years from the date of issue of the Convertible Bonds.
Redemption:	The Company shall redeem any Convertible Bonds which remains outstanding at 4:00 p.m. (Hong Kong time) on the maturity date at its principal amount.

Transferability:	The Convertible Bonds shall be transferable to any person provided that where the Convertible Bonds are intended to be transferred to a connected person (as defined in the Listing Rules) of the Company (other than the associates (as defined in the Listing Rules) of the relevant Bondholder) such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any) and shall be subject to approval by the Directors.
Conversion rights:	Subject to the terms and conditions of the Convertible Bonds, Bondholders have the right to convert their Convertible Bonds into Shares at any time during the period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on seventh Business Day prior to the maturity date by complying with relevant procedures as set out in the terms and conditions of the Convertible Bonds, provided that no conversion right may be exercised, to the extent that following such exercise, (a) a Bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30 per cent. or more of the entire issued Shares (or in such lower percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer); or (b) the Company will be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules. In addition, no conversion rights attaching to the relevant Convertible Bonds may be exercised by any person who is a Restricted Holder, and the exercise of any conversion rights by a Bondholder shall constitute a confirmation, representation and warranty by the exercising Bondholder to the Company that such Bondholder is not a Restricted Holder and that all necessary governmental, regulatory or other consents or approvals and all formalities have been obtained and observed by such Bondholder to enable him to exercise legally and validly the relevant conversion rights, to hold the Conversion Shares allotted and issued upon exercise of the conversion rights and the Company to legally and validly allot the Conversion Shares.

Conversion Shares:	Assuming that the entire principal amount of the Convertible Bonds are fully converted into Conversion Shares at the initial conversion price of HK$1.096 per Conversion Share, a total of 381,843,064 Conversion Shares will be issued which represent approximately 41.68% of the issued share capital of the Company as at the Latest Practicable Date and approximately 29.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no other change to the issued share capital of the Company). Please see "Conversion Shares" below for further information.
Status:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Application for listing of the Convertible Bonds:	No application has been or will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
Voting rights:	The Convertible Bonds do not confer any right to the Bondholders to attend or vote at any meeting of the Company.

CONVERSION SHARES

A total of 381,843,064 Conversion Shares will be issued to the Bondholder(s) upon full conversion of the Convertible Bonds at the initial Conversion Price of HK$1.096 per Conversion Share. The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the effective date of conversion of the Convertible Bonds (as defined in the terms and conditions of the Convertible Bonds) as if the Conversion Shares issued on conversion had been issued on such date (except for any right excluded by mandatory provisions of applicable law). Subject to the terms and conditions of the Convertible Bonds, a holder of Conversion Shares shall not be entitled to any rights the record date for which precedes the relevant conversion date.

The initial Conversion Price of HK$1.096 per Conversion Share (which is subject to adjustment(s) pursuant to the terms and conditions of the Convertible Bonds) represents:

i. a discount of approximately 5.52% to the closing price of HK$1.160 as quoted on the Stock Exchange on 23 December 2015, being the date of the Sale and Purchase Agreement;

ii. a discount of approximately 5.0% to the average closing price of approximately HK$1.154 per Shares as quoted on the Stock Exchange over the last five consecutive trading days preceding the date of the Sale and Purchase Agreement;

iii. a discount of approximately 3.0% to the closing price of HK$1.130 as quoted on the Stock Exchange on the Latest Practicable Date; and

iv. a premium of approximately 101.84% to the unaudited consolidated net asset value per Share of approximately US$0.070 (equivalent to approximately HK$0.543) (based on the unaudited condensed consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the Latest Practicable Date).

The Conversion Price was arrived at arm's length negotiations between the Company and the Vendors and represents a discount of approximately 5.0% to the average of the closing market prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days preceding the date of the Sale and Purchase Agreement.

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) consider that the Conversion Price is fair and reasonable.

The Conversion Shares that will fall to be allotted and issued upon exercise of the conversion right attaching to the Convertible Bonds will be subject to a specific mandate to be sought at the EGM.

The 381,843,064 Conversion Shares represent approximately 41.68% of the existing issued share capital of the Company and will represent approximately 29.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no other change to the issued share capital of the Company). The allotment and issue of the Conversion Shares to the Vendors upon exercise of the conversion right attaching to the Convertible Bonds will not result in a change of control of the Company.

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Conversion Shares.

CHANGES IN SHAREHOLDING STRUCTURE

	As at Latest Practicable Date		Immediately after Completion and the conversion in full of the Convertible Bonds, assuming no conversion of the First Convertible Bonds and no exercise of options granted by the Company *(Note 2 and 6)*		Immediately after Completion and the conversion of the Convertible Bonds subject to the compliance of public float requirement, assuming no conversion of the First Convertible Bonds and no exercise of options granted by the Company *(Note 2, 6, and 7)*		Immediately after Completion and the conversion in full of the Convertible Bonds, assuming the conversion in full of the First Convertible Bonds and the exercise in full of options granted by the Company *(Note 3, 4, 5 and 6)*	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Ablaze Rich *(Note 1)*	616,322,500	67.28%	616,322,500	47.49%	616,322,500	51.51%	636,086,013	47.24%
Mr. Yan	—	—	155,791,970	12.0%	114,427,680	9.56%	157,891,970	11.73%
Ms. Lam	—	—	149,682,481	11.53%	109,940,320	9.19%	151,782,481	11.27%
Mr. Yin Hai	—	—	76,368,613	5.88%	56,092,000	4.69%	76,368,613	5.67%
Sub-total	616,322,500	67.28%	998,165,564	76.90%	896,782,500	74.95%	1,022,129,077	75.91%
Other Directors:								
Mr. Cao Jiancheng	500,000	0.05%	500,000	0.04%	500,000	0.04%	8,300,000	0.62%
Mr. Cheung Kwan Hung	—	—	—	—	—	—	800,000	0.06%
Dr. Chan Chung Bun, Bunny	—	—	—	—	—	—	800,000	0.06%
Mr. Wai Kwok Hung	100,000	0.01%	100,000	0.01%	100,000	0.01%	400,000	0.03%
Sub-total	616,922,500	67.34%	998,765,564	76.95%	897,382,500	75.00%	1,032,429,077	76.68%
Public Shareholders								
廣州匯垠發展投資合夥企業 (for identification only, Guangzhou Hui Yin Development Investment Partnership Corporation)	91,000,000	9.93%	91,000,000	7.01%	91,000,000	7.61%	91,000,000	6.76%
Other public Shareholders	208,127,500	22.73%	208,127,500	16.04%	208,127,500	17.39%	222,977,500	16.56%
Total	916,050,000	100%	1,297,893,064	100%	1,196,510,000	100%	1,346,406,577	100%

Note 1: The entire issued share capital of Ablaze Rich is legally and beneficially owned by Mr. Yan as to 51% and Ms. Lam as to 49%.

Note 2: The figures assume that (i) no Shares will be issued or purchased by the Company on or after the Latest Practicable Date up to the date of Completion; (ii) the Convertible Bonds will be converted in full at their initial Conversion Price which is subject to adjustment(s) pursuant to the terms and conditions of the Convertible Bonds; and (iii) the number of Conversion Shares to be converted will be subject to the terms and conditions of the Convertible Bonds.

Note 3: The figures assume that (i) no Shares will be issued or purchased by the Company on or after the Latest Practicable Date up to the date of Completion; (ii) the Convertible Bonds and the First Convertible Bonds will be converted in full at their respective initial conversion prices which is subject to adjustment(s) pursuant to the terms and conditions of their respective convertible bonds; and (iii) the number of conversion shares to be converted will be subject to the terms and conditions of their respective convertible bonds.

Note 4: As at the Latest Practicable Date, the Company had 28,750,000 outstanding options which entitled option holders to convert into 28,750,000 Shares. Mr. Yan, Ms. Lam, Mr. Cao Jiancheng, Mr. Cheung Kwan Hung, Dr. Chan Chung Bun, Bunny, Mr. Wai Kwok Hung respectively held 2,100,000, 2,100,000, 7,800,000, 800,000, 800,000, and 300,000 options, while 14,850,000 options were held by employees of the Group and independent third parties.

Note 5: First Convertible Bonds in the principal amount of US$3,000,000, which may be converted into 19,763,513 Shares at the conversion price of HK$1.184 per Share at the exchange rate of HK$7.8 to US$1.0.

Note 6: The exercise of conversion rights under the Convertible Bonds and the First Convertible Bonds are subject to their respective terms and conditions, including the restriction to any exercise of the conversion rights thereunder which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules.

Note 7: Conversion of the Convertible Bonds up to the number of Shares which may be issued subject to the minimum public float requirement under the Listing Rules in proportion to the number of Conversion Shares entitled by each of the holders of the Convertible Bonds, being 40.8%, 39.2% and 20% by Mr. Yan, Ms. Lam and Mr. Yin Hai respectively.

BASIS OF CONSIDERATION

The Consideration of US$54.0 million in respect of the Acquisition was determined following commercial negotiations between the parties on an arm's length basis with reference to (i) the valuation of the Land as at 30 November 2015; (ii) the 91% attributable interest in the Land that the Group will acquire through acquisition of 91% equity interest in the PRC Company; and (iii) the deduction of payable by the Target Group to its related parties as at the date of the Sale and Purchase Agreement which amounted to approximately US$3.6 million. As at 30 November 2015 and 29 February 2016, the 91% of the valuation of the Land amounted to approximately RMB371.3 million (equivalent to approximately US$57.3 million). The Consideration represents a discount of approximately 5.76% to the 91% valuation of the Land as at 30 November 2015 and 29 February 2016.

The Directors (including the independent non-executive Directors, who have taken into account the advice of the Independent Financial Adviser) consider that the Consideration payable to the Vendors is fair and reasonable.

The Directors noted that the Vendors acquired the PRC Company which held the Land at a consideration of approximately US$8.2 million from an independent third party in January 2011 and the then consideration was determined based on arm's length negotiation between both parties. With reference to the upward trend of the PRC property market in the recent years and certain preliminary development works on the Land which have been carried out by the PRC Company in the recent years, the Directors considered that the acquisition cost of the PRC Company was almost five years ago and it would not be a relevant reference to the value of the Target Group as at the date of the Sale and Purchase Agreement, instead by making reference to a recent valuation of the Land prepared by an independent third party valuer would provide a more relevant basis of the Consideration.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in chartering out its own dry bulk vessels.

Due to unfavourable market factors including but not limited to the oversupply of dry bulk shipping capacity in recent years, the Group had been loss making since 2012. During the year ended 31 March 2015, after the disposal of a 24-year-old capesize dry bulk vessel and the acquisition of a 4-year-old panamax dry bulk vessel, the Group's fleet size slightly reduced to 390,180 dwt. The Group also completed the disposal of a panamax dry bulk vessel in May 2015 which further decreased the Group's fleet size to 319,923 dwt. Given the volatile market, despite that the Group adhered to its proactive and prudent operating strategy and maintained the fleet charter-out percentage at approximately 95.7% throughout the year ended 31 March 2015 and achieved an improvement in fleet charter-out percentage to approximately 96.5% for the six months ended 30 September 2015, the Group continued to be loss making with losses amounted to approximately US$37.4 million and US$10.8 million for the financial year ended 31 March 2015 and for the six months ended 30 September 2015 respectively. Such losses were mainly resulted from (i) the decrease in the Group's gross profit as a result of the unfavourable market factors; and (ii) the impairment losses and/or loss on disposal on the Group's vessels.

Looking ahead, the Board is of the view that difficulties and challenges will persist in the dry bulk marine transportation market. The market is rather pessimistic about the spot dry bulk freight rate and believes that freight income will hover at low levels. Meanwhile, the imbalance of vessel supply and demand will continue to be the major factor impacting the freight market and the Board considered that such oversupply of vessels in the dry bulk marine transportation market will continue to interfere with and affect the Group's chartering income.

Despite the difficulties and challenges in the dry bulk marine transportation market, as at the Latest Practicable Date, the Company had not entered or proposed to enter into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and was not in any negotiation and did not have any intention to dispose of or downsize its existing dry bulk vessels chartering business, save that the Company would from time to time review the operation and composition of its fleet with a view to optimising its dry bulk chartering business.

In order to diversify the Group's income stream and to improve the Group's financial performance, the Board has been exploring for suitable investment opportunities that may provide the Group with long term income and growth potential.

Driven by the PRC's strong economic growth and development, the PRC's flower and plant market had grown substantially in the past five years. The size of the PRC flower and plant market had been growing at a compound annual growth rate ("CAGR") of approximately 18.85% between 2010 and 2014 and the total value of flower and plant exported from the PRC had grown significantly by a CAGR of approximately 12.30% between 2010 and 2013. Currently, there is no sizable and professionally managed flower and plant wholesale trade centre established in Guangdong, Guangxi and Hainan Provinces of the PRC. In light of this, the Board (including the independent non-executive Directors, who have taken into account the advice of the Independent Financial Adviser) is of the view that, given the location of the Land in Hainan Province and the preliminary development plan (details of which are set out in the section headed "Information of the Target Group" below) in respect of the Land, the Acquisition represents a highly attractive and unique opportunity for the Company to ride on the growing trend in the plant trading sector.

Based on the above, the Directors (including the independent non-executive Directors, who have taken into account the advice of the Independent Financial Adviser) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE VENDORS

Mr. Yan is the chairman of the Board, an executive Director and the spouse of Ms. Lam. As at the Latest Practicable Date, Mr. Yan was legally and beneficially interested in 51% of the issued share capital of Ablaze Rich, which in turn was interested in 616,322,500 Shares, representing approximately 67.28% of the existing issued share capital of the Company.

Ms. Lam is the chief executive officer of the Company, an executive Director and the spouse of Mr. Yan. As at the Latest Practicable Date, Ms. Lam was legally and beneficially interested in 49% of the issued share capital of Ablaze Rich.

Mr. Yin Hai is the younger brother of Mr. Yan.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI and its principal business is investment holding. As at the Latest Practicable Date, the issued share capital of the Target Company was legally and beneficially owned as to 40.8% by Mr. Yan, 39.2% by Ms. Lam and 20% by Mr. Yin Hai.

Great Harvest Landmark is a company incorporated in the BVI and its principal business is investment holding. It is wholly-owned by the Target Company. Save for holding equity interest in Great Harvest Realty, Great Harvest Landmark did not have any other material assets as at the Latest Practicable Date.

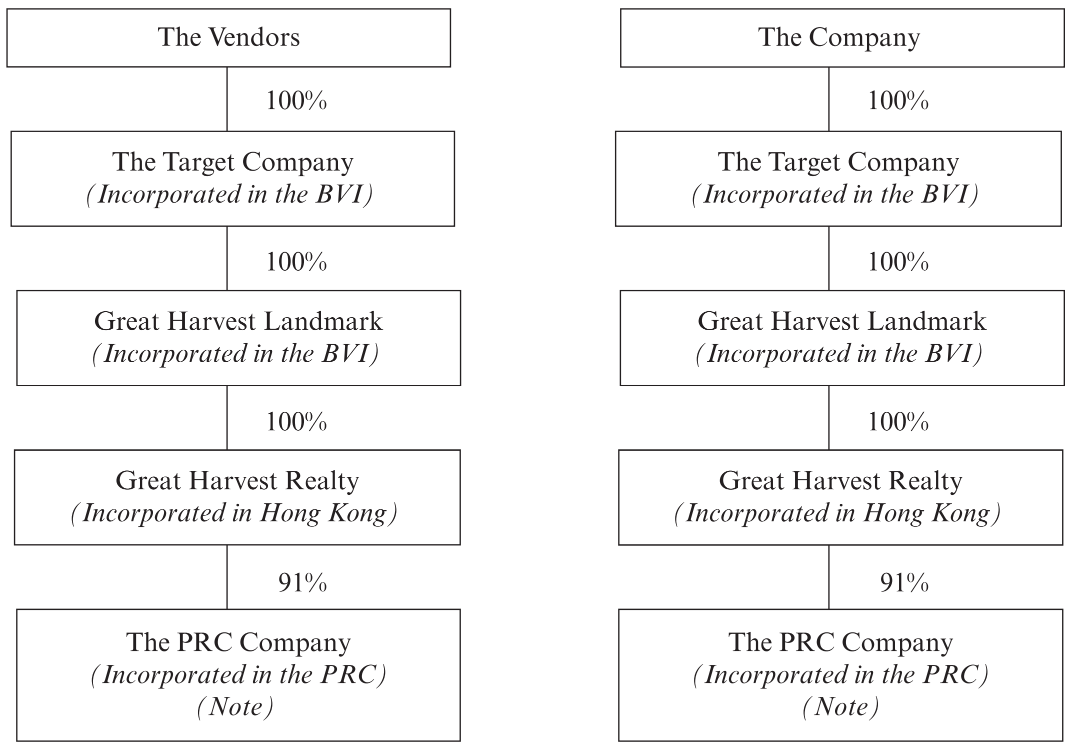
Great Harvest Realty is a company incorporated in Hong Kong and its principal business is investment holding. It is wholly-owned by Great Harvest Landmark. Save for holding equity interest in the PRC Company, Great Harvest Realty did not have any other material assets as at the Latest Practicable Date.

The PRC Company is a company established in the PRC and is a direct non-wholly owned subsidiary of Great Harvest Realty. The PRC Company currently holds the Land which is located in Hainan Province, the PRC. As at the Latest Practicable Date, the PRC Company was principally engaged in the development of the Land.

(i) The group structure of the Target Group

The shareholding structure of the Target Group (i) before Completion and (ii) after Completion is set out below:

Before Completion ***After Completion***



Note: As at the Latest Practicable Date, the PRC Company was held as to 91% by Great Harvest Realty and the remaining 9% ultimately by (i) Mr. Yin Hai as to approximately 5.24%, (ii) Mrs. Yin as to approximately 3.49%, and (iii) two relatives of Mrs. Yin as to approximately 0.24% and 0.03% respectively (the "**Ultimate Minority Shareholders**").

The 9% interest of the Ultimate Minority Shareholders are held via numbers of companies incorporated in the PRC (the "**UMS Group**"), the Ultimate Minority Shareholders are performing certain restructurings (the "**Proposed UMS Group Restructuring**"). Given that the Proposed UMS Group Restructuring is yet to be finalized, the Directors considered that it will be in the interest of the Group to first acquire the 91% interest in the PRC Company via acquiring the Target Company. Upon confirming the details of the Proposed UMS Group Restructuring, subject to the then shareholding structure of the UMS Group after completion of the Proposed UMS Group Restructuring, market conditions, available investment opportunities and financial position of the Group, the Group may consider acquiring the remaining 9% interest in the PRC Company.

(ii) Information of the Land

The basic particulars of the Land are as follows:

Location:	Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (中國海南省海口市瓊山區紅旗鎮美典坡)
Site area:	132,880.56 sq.m.
Status:	Vacant

The Land is located in Hongqi Town, Haikou, Hainan Province, the PRC within approximately 20 km from Hainan Haikou Meilan International Airport. According to the 12th five year plan of the PRC government, Hongqi Town is regarded as one of the national core development towns of the PRC with a view to developing Hongqi Town into a key tourist spot within the region. Based on available information, the latest development plan of Hongqi Town will comprise of, among other things, (i) a hi-technology business zone for plantation of tropical flowers and tree saplings; (ii) a floral exhibition theme park; and (iii) areas for hotel and conference facilities, golf course, public parks and residential development. Upon completion of the above envisaged developments, Hongqi Town will become one of the core tropical flower and plant hi-technology plantation zone in Hainan.

Development Plan of the Land

To correspond with the development plan of developing Hongqi Town into a hi-technology business zone for plantation of tropical flowers and tree saplings as well as into a key tourist spot as mentioned above, according to the preliminary development proposal of the Land, the development of the Land will comprise (i) a trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks, (ii) serviced apartments, and (iii) office, retail, car parking and other ancillary facilities. The above-mentioned three elements will comprise approximately 17%, 75% and 8% of the total area of the proposed development respectively.

The development plan of the Land comprised two phases with an estimated total development cost (excluding financing cost) of approximately RMB958 million.

The Group intends to appoint contractor(s) to carry out the actual construction work for the development on the Land. As at the Latest Practicable Date, the Target Group had not yet entered into any contracts in relation to the development of the Land save for the commencement of leveling of the Land. It is expected that the appointment of contractor(s) will be carried out once the development plan of the Land has been approved by the relevant governmental authorities.

The Group had formulated a preliminary development plan of the Land which is stated as follows and will be subject to change, depending on (i) the market environment of Hainan Province; (ii) the then available financial resources of the Target Group; (iii) the final governmental town planning of Hongqi Town by relevant Hainan government authorities; and (iv) the obtaining of final government approval on the Target Group's development plan.

Set out below is the details of preliminary development plan of the Land:

Phase one

Phase one of the development is intended to commence after Completion and the Group have obtained all relevant permit and licenses to develop the Land. It is expected that the development cost of phase one will be approximately RMB592 million and will take up to 3 years to complete. Phase one development will comprise a total of 81,295 sq.m., details of which are as follows:

	Total gross floor area	**Years to completion after commencement of construction**
Trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks	29,710 sq.m.	2 years
Serviced apartments	46,427 sq.m.	3 years
Office, retail, car parking and other ancillary facilities	5,158 sq.m.	3 years
	81,295 sq.m.	

The trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks

The trading centre and exhibition facilities are intended to provide a transparent electronic trading platform, supported by modern logistics infrastructure, for trading tree seedlings and other nursery stocks produced in Hainan Province, as well as nearby region, such that all the trade information can be symmetrically recorded and analyzed. The modern logistic centre inside the trading centre is designed to streamline the logistic flow to reduce the time of transit of the produce which is usually perishable plants in order to preserve the quality of the produce received by the traders.

The exhibition facilities are intended for holding seasonal large scale plant and gardening exhibition to promote planting and gardening industry in the region.

Serviced apartments and office, retail, car parking and other ancillary facilities

As at the Latest Practicable Date, the Directors are exploring opportunities to develop certain part of the leasing properties to be constructed on the Land for provision of medical and healthcare services. As advised by the PRC legal adviser of the Company, whether it is permitted to use the Land or any part thereof for the provision of medical and healthcare services under the applicable PRC laws depends on the nature and scope of the medical and healthcare services to be provided on the Land. As the Company does not have any concrete plan for, and has not identified any such opportunities for investment and development in, the provision of medical and healthcare services yet, should such opportunities materialized, the Company will make further announcement in accordance with the Listing Rules, and comply with the applicable laws and regulations in the PRC accordingly, including but not limited to obtaining the necessary licences and permits, and (if needed) changing the permitted use of the Land to cater for such usage.

The management of the Group considers that, depending on the then market condition, part of the serviced apartments may be held for sales, while the remaining portion of the serviced apartments, office, retail, car parking and other ancillary facilities of phase one, as at the Latest Practicable Date, the Directors consider to hold such properties for leasing purposes.

Phase two

Phase two of the development is intended to commence one year after the completion of the phase one development. It is expected that the development cost of phase two will be approximately RMB366 million and will also take up to 3 years to complete. phase two development will comprise a total of 51,585 sq.m., details of which are as follows:

	Total gross floor area	**Years to completion after commencement of construction**
Serviced apartments	46,427 sq.m.	3 years
Office, retail, car parking and other ancillary facilities	5,158 sq.m.	3 years
	51,585 sq.m.	

The management of the Group also considers that, depending on the then market condition, part of the serviced apartments may be held for sales, while the remaining portion of the serviced apartments, office, retail, car parking and other ancillary facilities for phase two, it is the current intention of the Directors for the Group to hold such properties for leasing purposes.

Post completion of the development

After completion of the development of the Land, the Directors are of the view that the trading centre and exhibition facilities will enable the Group to develop the Land into a regional tree seedlings and nursery stock plantation trading and exhibition hub which will generate income from the trading fee of trading centre as well as rental income from renting out the exhibition facilities.

Furthermore, the Directors considered that serviced apartments, office, retail and car parking facilities to be built under the development proposal will also provide all the necessary peripheral facilities for holding large scale exhibitions, as well as incubating planting enterprises in the region. The remaining portion of serviced apartments as well as office, retail and car parking facilities which will be held by the Group as investment properties will also provide the Group with long term rental income from renting out such investment properties.

(iii) Development cost financing and relevant licensing for the development

The development cost

With reference to the construction cost research information publicly available and the preliminary development plan of the Land, the total development costs, excluding financing cost, of the proposed development is estimated to be approximately RMB958 million. The estimated development costs to be incurred in phase one and phase two the proposed development are approximately RMB592 million and RMB366 million respectively.

When estimating the construction costs of the development project, the Company has made reference to the construction cost data available in the RLB Hong Kong Cost Report December 2015 (comprising the PRC) published by Rider Levett Bucknall, which is an international quantity surveying firm. Having considered the unit construction costs of relevant property types in Tier-2 cities in the PRC on the abovementioned cost report and the nature of the proposed development, the management of the Group has adopted unit construction costs of RMB3,000 per sq.m., RMB3,500 per sq.m., RMB6,000 per sq.m. and RMB4,000 per sq.m. for serviced apartments, office and retail, trade centre and car parking facilities respectively. The total construction cost has been further adjusted upward by 10% and 15% to reflect the potential professional fees and contingency costs to be incurred respectively to arrive at a total development cost of approximately RMB958 million.

Apart from making reference to the above mentioned public data, the management of the Group has also discussed with the local contractors for the range of construction costs for construction of the property types mentioned above and the management of the Group considered that the estimated construction costs to be reasonable.

Financing of the development plan

The Directors currently intend that the development cost will be funded by internal financial resources, debt and/or equity financing, subject to the then market conditions.

The Target Group has been in the process of negotiating possible debt financing for the development cost of the Land with various financial institutions. As at the Latest Practicable Date, the PRC Company had entered into a non-legally binding memorandum of understanding ("MOU") with an external credit union regarding a financing facilities up to RMB1,000 million to finance the development cost of the Land. Pursuant to the MOU, subject to further negotiation with the credit union, the financing maybe by way of general working capital loan or fixed asset loan and the terms of which are subject to further negotiation between both parties.

According to the preliminary discussion between the management of the Target Group and the credit union, it is intended that the financing would be of long term in nature with terms between three to five years which is intended to be secured by the Land. Interest rate of the financing will be with reference to the prevailing borrowing rates of the credit union.

The credit union is the Haikou branch of a state-owned regional credit union which operates in the Hainan Province, the PRC.

According to the management of the Group, the Target Group is still exploring other debt financings options with other financial institutions and no definite decision has been made in financing the development of the Land. Nevertheless, according to the Directors, upon Completion, the Group intended only to commit to the amount of development cost up to the available financial resources to the Target Group at each of the relevant time, should additional capital injection to the Target Group is required from the Group, the Group will comply with the relevant Listing Rules accordingly.

Development approval and licensing

(i) Development approval

In order to commence development of the Land, the PRC Company will have to obtain the Construction Land Planning Permit (《建設用地規劃許可證》) from the urban planning bureau of the Haikou Municipal Government (the "**Haikou Planning Bureau**"). According to the procedural guideline of Haikou Planning Bureau, the Construction Land Planning Permit will be issued within 20 business days after the lodge of the application. According to the PRC legal adviser of the Company, the PRC Company had obtained a Construction Land Planning Permit in 1993, corresponding with the land use right certificates which were issued at that time. However, since the land use right certificates had been renewed at 2009, this Construction Land Planning Permit would need to be renewed accordingly.

The PRC legal adviser of the Company expected that, procedures in applying for such amendments will be similar to the application of a new Construction Land Planning Permit.

In addition, according to the PRC legal adviser of the Company, as clarified by the Haikou Land and Resources Bureau in the Reply, the permitted land use of the Land as recorded on the land use right certificates, that is, "accommodation and catering", falls within the sub-category of the "land for commercial service facilities" category under the applicable PRC laws and regulations and therefore the PRC Company may develop the Land for the Intended Uses in accordance with the applicable laws. As such, the PRC legal adviser of the Company is of the view that the Intended Uses are not in breach of the permitted land use of the Land and the PRC Company may develop the Land for the Intended Uses in accordance with the applicable laws. The PRC legal adviser of the Company is also of the view that, in the event that change or adjustment of the permitted land use is required by the relevant land bureau, the PRC Company may apply for such change or adjustment according to Article 47 of the Regulation on the Land Administration of the Hainan Special Economic Zone (the "**Hainan Land Regulation**"). Application of change or adjustment in intended use of the land use right will have to be lodged to the Haikou Land and Resources Bureau. According to the relevant procedure guideline of the Haikou Land and Resources Bureau, without any complications, the entire process will be completed within 14 business days, except the approval procedures by Haikou Municipal Government. As advised by the Company's PRC legal adviser, there will not be any legal impediment in respect of any application for such change or adjustment given that the change or adjustment would not involve the change of the principal category (that is, "land for commercial service facilities"), no payment of additional land premium will be required, and such Intended Uses have already been endorsed by the Haikou Land and Resources Bureau.

After obtaining the Construction Land Planning Permit, the PRC Company shall apply for the Construction Project Planning Permit (《建設工程規劃許可證》) from the Haikou Planning Bureau. Provided that the development plan of the PRC Company is satisfy with the requirements on the occasion, according to the procedural guideline of Haikou Planning Bureau, the Construction Project Planning Permit will be issued within 20 business days after the lodge of the application.

According to the PRC legal adviser of the Company, should the PRC Company follow the above mentioned application process and meet the requirements by relevant authorities, the PRC legal adviser of the Company does not anticipate any foreseeable legal impediments in obtaining or amending the above mentioned permits.

(ii) Licensing

Currently, save for the Qualifications of Real Estate Development Enterprises (房地產開發企業資質), which will be required for the development of the Land for the above mentioned businesses, there is neither specific license nor permit being required by the municipal government in Hainan Province for operating the above businesses.

As the Target Group is a new player to the real estate development industry, the Target Group will have to apply for a Temporary Qualifications of Real Estate Development Enterprises (暫定資質證書) (the "**Temporary Qualifications**") in order to commence the development of the Land. Certain prerequisite will have to be met prior to obtaining the Temporary Qualifications including (i) registered capital minimum requirement of RMB10 million; and (ii) hiring of sufficient staff in the following fields including the construction, finance, real estate, economics and statistics with certain education background.

In addition, given the PRC Company is a sino-foreign enterprise, to engage in the real estate development industry, the PRC Company will have to obtain the approval from the local Department of Commerce to include real estate development as part of the PRC Company's principal business stated on the approval certificate for foreign-invested enterprises, and a registration amendments approval from the local Industrial and Commercial Bureau. The application to be lodged by the PRC Company shall be filed with the Ministry of Commerce or its provincial branch of the local Department of Commerce.

According to the PRC legal adviser of the Company, should the PRC Company met the above mentioned prerequisite for application of Temporary Qualifications as well as completing the change scope of principal business and completing the relevant filling procedures to the Ministry of Commerce or its provincial branch, the PRC legal adviser of the Company does not anticipate any legal impediments in applying for the Temporary Qualifications. Once the application is lodged, the Housing and Urban and Rural Construction Bureau will complete review of the application with 20 days and will issue the Temporary Qualifications within 10 days after the application has been approved.

The Directors are of the view that, subsequent to Completion, the Target Company will make necessary capital injection to the PRC Company in meeting the registered capital requirement and the relevant staff in the required fields for applying the Temporary Qualifications will be also recruited by the PRC Company accordingly. According to the Directors, they do not anticipate any impediments in recruiting staff in the required fields for applying Temporary Qualifications in Hainan Province. Application procedures to obtain relevant approval from the Department of Commerce and Industrial and Commercial Bureau to include real estate development as part of the PRC Company's principal business will also commence right after Completion.

(iv) Overview of the industries

According to the 2014 National Forestry Statistics Annual Analysis Report* (2014年全國林業統計年報分析報告) issued by State Forestry Administration (國家林業局) of the PRC, the flower and plant output value in the PRC amounted to approximately RMB185 billion in 2014, up by approximately 14% year-over-year. There are around 49,200 flower companies and approximately 4.93 million labors serving the industry in the PRC.

With reference to "National Afforestation Plan (2011–2020)" issued in June 2011, the urban green area coverage and rural green area coverage shall reach approximately 39% and 25% respectively. Hence, it is expected that the demand for landscape nursery stock in term of varieties, specifications and quality will increase accordingly.

According to new articles published publicly in August 2015 by Hainan Provincial Flower Association* (海南省花卉協會), Hainan Province is an important producer of tropical flowers and seedlings in the PRC due to its favorable climate and geographical location. Hainan Province fosters over 4,000 species of plants and it is a breeding ground of tropical rain forest. The output value of flower and seedlings in Hainan Province amounted to approximately RMB2.4 billion in 2014 and the related planting area is estimated as approximately 200,000 mu, of which approximately 110,000 mu is related to seedlings planting, producing 60% of seedling production across the nation.

Flower and planting industry has become a development focus in Hainan Province under several supportive government policies. According to "Hainan Ecological Province Construction Plan", the development of tropical flowers and plant industry in Hainan Province was highly emphasized while "Flower Industry Development Plan in Hainan Province" advocated improvement of competitive strength of flower planting industry in the province.

Despite of the above mentioned booming in the flower and planting industry, the Directors consider that given there is no systematically managed flower and plant trading centre in Hainan Province, and the transactions of flowers and plants are mainly made in traditional flower market and there is lack of standardization and commercialization of flower and gardening products. the Acquisition represents an attractive business opportunities to develop a modern plant trading centre and exhibition facilities in Hainan Province to capture the business development potential in the province.

(v) Risk Factors

The Company has identified risk factors in respect of the Acquisition and the business of the Target Group as follows:

Risk relating to the Acquisition

a) the Group is a new player to the operation of tree seedlings and other nursery stock trading center and trading platform industry and therefore relies on the management team of the Target Group for the management of such business. The recruitment, training and management of relevant professionals and personnel with the requisite expertise may be increasingly costly. In the event that the Target Group fails to attract a sufficient number of experienced personnel as required, the Target Group may not be able to provide quality service and attract sufficient number of tenant and trading participants, which may materially and adversely affect the Target Group's future business, financial condition and results of operations;

Risk relating to the business of the Target Group

b) the profitability of the Target Group's business may be materially susceptible to natural disasters and adverse weather conditions such as droughts, floods and earthquakes, and environmental hazards. The occurrence of any of the above events in or in close proximity to the plantation bases of the future participants of the Target Group's trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks may disrupt the operations of these future participants, which may adversely affect the trading volume and income derived from the operation of trading platform within the trading center;

c) the Target Group's unrealized fair value adjustments on investment properties to be developed on the Land (i.e. properties intended to be developed on the Land for leasing purposes) may be different from the actual realizable value and is subject to change. The recognition of such fair value gain will not generate any actual cash inflow. The fluctuations in gains from fair value of the investment properties will be significantly affected by the prevailing property market conditions and are subject to market fluctuations. Unforeseeable changes to the development of the Land as well as national and local economic conditions may also affect the future value of investment properties to be developed on the Land as well as the Target Group's exposure to relevant tax applicable in the PRC;

d) the development of the Land requires substantial amount of financial resources. It is currently expected that, in addition to the Group's internal resources, possible ways of financing of the development of the Land include debt and/or equity financing. There is no assurance that the Group will be able to obtain necessary financing in the future on terms acceptable to the Group to finance the development of the Land. The Group's ability to procure adequate financial resources and cash flow for the development of the Land depends on a number of factors that maybe beyond its control, including and without limitation, credit and financial market conditions and the relevant policies and regulations implemented by the PRC government;

e) the construction in respect of the development of the Land will be contracted to third party contractor(s). The actual construction cost and time for development of the Land that will be incurred by the Target Group may deviate from the time and costs estimated by the Target Group and may be subject to cost over-run or delay for the development of the Land. The Target Group may be susceptible to dispute or litigation with its contractor(s) in the event of any cost over-run or delay;

Risk relating to the PRC

f) since the Target Group's business is located in, and its revenue will predominantly derived from its operation in the PRC, the business, financial condition, results of operations and prospects are subject to the risks of future economic, political and legal developments in the PRC. The PRC economy differs from the economies of other developed countries in terms of structure, government intervention, development, growth rate, control of foreign exchange and resource allocation. Since the late 1970s, the PRC government has been implementing economic reform measures and using market forces to develop the PRC economy and has transitioned from a planned economy to a more market-oriented economy. However, the PRC government continues to play a significant role in regulating industries by promulgating economic policies, and a significant portion of productive assets in the PRC is still government-owned. The PRC government also exercises significant control over the economy through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies; and

g) the PRC Company's dividend payable to the Group in the future may become subject to withholding tax under the PRC tax laws. Under the PRC Enterprise Income Tax Law and implementation regulations promulgated by the State Council of the PRC, the PRC income tax at the preferential rate of 10.0% is applicable to the PRC-source dividends payable to investors that are "non-resident enterprises". If the PRC Company is required under the PRC Enterprise Income Tax Law to withhold the PRC income tax on its dividends payable to its foreign shareholders, the value of investment in the Target Company may be materially and adversely affected.

(vi) Financial information

Based on the Target Company's audited consolidated financial statements for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards, the audited consolidated total assets of the Target Group was approximately US$62.9 million and the audited consolidated net assets of the Target Group was approximately US$18.8 million.

Set out below is the Target Group's audited consolidated net profits before taxation, audited consolidated net profits after taxation and audited consolidated net profits after taxation attributable to owners of the Target Company for the two years ended 31 December 2015, being the two financial years preceding the Acquisition:

	Year ended 31 December	
	2014	**2015**
	(approximately US$'million)	*(approximately US$'million)*
Audited consolidated profit before taxation	2.3	4.7
Audited consolidated profit after taxation	0.8	1.5
Audited consolidated profit after taxation attributable to the owners of the Target Company	0.7	1.3

(vii) Management expertise of the Target Group

As at the Latest Practicable Date, Mr. Yin Hai is the director of the Target Company and Great Harvest Landmark. With the assistance of his associates, Mr. Yin Hai has been overseeing the overall business operation of the Target Group. Apart from being the director of the Target Company and Great Harvest Landmark, Mr. Yin Hai is also interested in the entire equity interests of two PRC incorporated companies which principally engaged in property development and tropical flower cultivation and hotel operation respectively. In the past twenty five years, amongst which through the two PRC incorporated companies, Mr. Yin Hai together with his associates have completed one property development project and in the progress of completing another one, which comprised of residential and retail properties. Mr. Yin Hai also took up an executive role in the operation of a hotel with retail shops and restaurants located in Haikou which provided him with relevant experience in managing tourist accommodation, retail properties and tourist related ancillary facilities. Furthermore, through his investment in the PRC, Mr. Yin Hai is also interested in a tropical flower plantation business, which provided him with relevant experience in the agricultural, flower and plantation industry.

It is intended that the current management team of the Target Group led by Mr. Yin Hai will be retained following Completion. In respect of the development of the trading centre and exhibition facilities which involves the operation of electronic trading platform, it is the present intention of the Directors that the electronic trading platform will be sourced from suppliers which established similar trading platforms in Europe and relevant trainings in respect of the operation of the electronic trading platform will also be provided by the supplier. The Directors anticipate that additional staff will be employed and together with the current management team after training will be responsible to operate the electronic trading platform.

The Group will also seek external professional advice or hire additional staff to manage the development project when necessary. In view of the experience of Mr. Yin Hai and the development potential of the Land, the Directors believe that the Acquisition will provide the Company with growth opportunities, and will be positive to the Company's business growth and financial performance.

FINANCIAL EFFECTS OF THE ACQUISITION

Following Completion, the Target Company and its subsidiaries will become subsidiaries of the Company and the results, assets and liabilities of the Target Group will be consolidated in the consolidated financial statements of the Company.

(i) Assets and liabilities

The unaudited consolidated total assets and total liabilities of the Group as at 30 September 2015, as extracted from the Company's interim report for the six months ended 30 September 2015, were approximately US$114.0 million and US$50.1 million respectively. As set out in Appendix III to this circular, assuming Completion had taken place on 31 December 2015, the unaudited pro forma consolidated total assets and total liabilities of the Enlarged Group would have been increased to approximately US$176.9 million and approximately US$108.1 million respectively.

(ii) Gearing

As at 30 September 2015, the Group had bank borrowings and other borrowings amounted to approximately US$48.3 million, while the Target Group had no outstanding borrowings as at 31 December 2015. Given the Group will finance the Consideration by way of the Convertible Bonds, the Acquisition would increase the Enlarged Group's total borrowings by US$25.4 million.

(iii) Earnings

Upon Completion, the Target Company and its subsidiaries will become subsidiaries of the Company and the financial results of the Target Company and its subsidiaries will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules.

As at the Latest Practicable Date, the Target Company was wholly-owned by the Vendors as to 40.8%, 39.2% and 20% by Mr. Yan, Ms. Lam and Mr. Yin Hai respectively. Given that (i) Mr. Yan is the chairman of the Board, an executive Director and a controlling shareholder of the Company through his 51% shareholding interests in Ablaze Rich which in turn is interested in 616,322,500 Shares representing approximately 67.28% of the existing issued share capital of the Company; (ii) Ms. Lam is the chief executive officer of the Company, an executive Director, a controlling shareholder of the Company through her 49% shareholding interest in Ablaze Rich and the spouse of Mr. Yan; and (iii) Mr. Yin Hai is the younger brother of Mr. Yan, each of Mr. Yan, Ms. Lam and Mr. Yin Hai is a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, apart from Mr. Yan, Ms. Lam and Mr. Yin Hai and their respective associates, no other Shareholders have a material interest in the Acquisition and thus no other Shareholders will be required to abstain from voting on the resolution to approve the Acquisition at the EGM.

Pursuant to the articles of association of the Company, Mr. Yan and Ms. Lam had abstained from voting on (and had not been counted in the quorum for) the Board resolutions for approving the Acquisition.

As the Acquisition is subject to the conditions precedent set out in the Sale and Purchase Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

EGM

A notice convening the EGM to be held at Room 2702, 27th Floor, 200 Gloucester Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 3 May 2016 is set out on pages EGM-1 to EGM-3 of this circular. Ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Acquisition and the issue of the Convertible Bonds.

A form of proxy for use by the Independent Shareholders at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services 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 time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Dr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung, who do not have a material interest in the Acquisition, has been formed to advise the Independent Shareholders in respect of, among other things, as to whether the terms of the Sale and Purchase Agreement as amended by the Supplemental Agreement (including the issue of the Convertible Bonds) are fair and reasonable and how to vote in respect of the resolution to be proposed at the EGM for approving on the Acquisition after taking into account the recommendation of the Independent Financial Adviser. Your attention is drawn to the letter from the Independent Board Committee set out on pages 39 to 40 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder.

Your attention is also drawn to the letter from Independent Financial Adviser set out on pages 41 to 58 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors, who have taken into account the advice of the Independent Financial Adviser) consider the terms of the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors, who have taken into account the advice of the Independent Financial Adviser) recommended the Independent Shareholders to vote in favour of the proposed resolution approving among other things, the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the board of
Great Harvest Maeta Group Holdings Limited
Yan Kim Po
Chairman

Great Harvest Maeta Group Holdings Limited
榮豐聯合控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3683)

15 April 2016

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION INVOLVING THE ISSUE OF CONVERTIBLE BONDS

We refer to the circular of the Company dated 15 April 2016 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the members of the Independent Board Committee to advise you on the terms of the Sale and Purchase Agreement (as amended by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder. VBG Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out in their letter set out on pages 41 to 58 of the Circular.

Your attention is also drawn to the "Letter from the Board" set out on pages 6 to 38 of the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Sale and Purchase Agreement as amended by the Supplemental Agreement (including the terms of the Convertible Bonds), the Acquisition and the transactions contemplated thereunder and taking into account the independent advice of VBG Capital, in particular factors, reasons and recommendation as set out in their letter, we consider that the entering into of the Sale and Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder including the Acquisition and the issue of the Convertible Bonds are in the ordinary and usual course of business of the Group, and the respective terms of the Sale and Purchase Agreement as amended by the Supplemental Agreement (including the terms of the Convertible Bonds), the Acquisition and the transactions contemplated thereunder are on normal commercial terms and are 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 you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the entering into of the Sale and Purchase Agreement, the Supplemental Agreement, the Acquisition and the transactions contemplated thereunder.

Your faithfully,
Independent Board Committee

Cheung Kwan Hung **Chan Chung Bun, Bunny** **Wai Kwok Hung**

Independent non-executive Directors

Set out below is the text of a letter received from VBG Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.

建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

15 April 2016

To: *The independent board committee and the independent shareholders of Great Harvest Maeta Group Holdings Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION INVOLVING THE ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 15 April 2016 issued by the Company to the Shareholders (the "**Circular**"), of which this letter of advice forms part. Terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed "Definitions" in this Circular unless the context requires otherwise.

As set out in the Letter from the Board, on 23 December 2015, the Company and the Vendors entered into the Sale and Purchase Agreement pursuant to which, subject to terms and conditions therein, the Company has conditionally agreed to acquire from the Vendors the entire issued share capital of the Target Company for a total consideration of US$54.0 million which will be settled entirely by way of issue of the Convertible Bonds. The Target Group consists of the Target Company, Great Harvest Landmark, Great Harvest Realty and the PRC Company. Upon Completion, the Company, through its 100% shareholding in the Target Company, will own (i) 100% of the equity interest in each of Great Harvest Landmark and Great Harvest Reality; and (ii) 91% of the equity interest in the PRC Company which holds the Land. On 31 March 2016, the Company and the Vendors further entered into the Supplemental Agreement to amend certain terms of the Sale and Purchase Agreement.

According to the Letter from the Board, the Acquisition constitutes a major and connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee, comprising all three independent non-executive Directors who do not have a material interest in the Acquisition, has been formed to advise the Independent Shareholders, among other things, as to whether the terms of the Sale and Purchase Agreement (including the issue of the Convertible Bonds) are fair and reasonable and how to vote in respect of the resolution regarding the Acquisition. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Acquisition, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Vendors or any of their respective associate(s). We consider ourselves independent to form our opinion in respect of the Acquisition.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Acquisition, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the announcement regarding the Acquisition and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that 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 in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group and the Target Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the market, financial, economic 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 material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of the Acquisition

Business and financial overview of the Group

The Company is an investment holding company. The Group is principally engaged in chartering out its own dry bulk vessels.

According to the Group's annual report for the year ended 31 March 2015 (the "**2014/15 Annual Report**"), its interim report for the six months ended 30 September 2015 (the "**2015 Interim Report**") and the Letter from the Board, (i) as at 30 September 2015, the average age of the Group's fleet dropped to 9 years after the disposal of a 24-year-old capesize dry bulk vessel and the acquisition of a 4-year-old panamax dry bulk vessel, reducing the Group's fleet size slightly to 319,923 dwt; (ii) the fleet charter-out percentage of the Group was at approximately 95.7% throughout the year ended 31 March 2015 and it improved slightly to approximately 96.5% for the six months ended 30 September 2015; and (iii) the average daily charter rate per vessel of the Group for the six months ended 30 September 2015 was approximately US$6,013, representing a decrease of approximately 32% when compared to the corresponding period of 2014.

As advised by the Directors, the Group encountered severe business environment and operated under great pressure. According to the 2014/15 Annual Report, despite the decreasing number of newly-built vessels delivered, the global dry bulk fleet capacity remained in a net increase position and such increase was larger than the rise in marine transportation demand, leaving the supply glut of the dry bulk fleet intact. In the meantime, the prices for second-hand dry bulk vessels decreased by approximately 14% in 2014, followed by a further drop of approximately 37% in the first quarter of 2015, leading to a double depression in the sentiment of the market of dry bulk vessels. The reasons above led to the instability of spot market and depression of freight rate of dry bulk vessels. Furthermore, new policies and regulations promulgated in various areas in the world further placed upward pressure on the operation and management costs of vessels. In particular, the implementation of new environmental regulations and the use of ultra-low sulfur fuel made the severe operating environment faced by vessel owners even worse. According to the 2015 Interim Report, the management of the Group considered the continuously considerable pressure on the freight market.

Set out below are the consolidated financial results of the Group for the six months ended 30 September 2015 & 2014 and the three years ended 31 March 2015, 2014 and 2013 as extracted from the Company's 2015 Interim Report and 2014/15 Annual Report:

	For the six months ended 30 September 2015	**For the six months ended 30 September 2014**	**For the year ended 31 March 2015**	**For the year ended 31 March 2014**	**For the year ended 31 March 2013**
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	4,540	9,370	15,195	22,938	23,290
Loss for the period/ year	(10,769)	(3,871)	(37,406)	(6,612)	(13,415)

As depicted by the table above, the Group's financial performance has been deteriorating over the past few years. For the six months ended 30 September 2014 and 2015, the Group's total unaudited revenue decreased by approximately 51.55% from approximately US$9.37 million to approximately US$4.54 million. During the same period under review, the Group's total unaudited loss increased by approximately 178.20% from approximately US$3.87 million to approximately US$10.77 million. For the year ended 31 March 2015, the Group's total audited revenue decreased by approximately 33.76% from approximately US$22.94 million to approximately US$15.20 million; while its total audited loss increased by approximately 465.73% from approximately US$6.61 million to approximately US$37.41 million.

In view of the depressed business environment and the historical unsatisfactory financial performance of the Group, we concur with the Board to explore suitable investment opportunities that may provide the Group with stable income and growth potential in order to diversify its income stream and improve its future financial performance.

Information on the Target Group and the Land

As extracted from the Letter from the Board, the Target Company is a company incorporated in the BVI and its principal business is investment holding. As at the Latest Practicable Date, the issued share capital of the Target Company was legally and beneficially owned as to 40.8% by Mr. Yan, 39.2% by Ms. Lam and 20% by Mr. Yin Hai. Great Harvest Landmark and Great Harvest Realty, both being investment holding companies, are the direct and indirect wholly-owned subsidiaries of the Target Company, respectively.

As at the Latest Practicable Date, the PRC Company was held as to 91% indirectly by the Target Company (through Great Harvest Landmark and Great Harvest Realty) and 9% ultimately by (i) Mr. Yin Hai as to approximately 4.98%, (ii) Mrs. Yin as to approximately 3.32%, (iii) brother of Mr. Yan and Mr. Yin Hai as to approximately 0.44%, and (iv) two relatives of Mrs. Yin as to approximately 0.24% and 0.02% respectively. The PRC Company holds the Land which is located in Hainan Province, the PRC.

As referred to in the Letter from the Board, the basic particulars of the Land are as follows:

Location:	Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC (中國海南省海口市瓊山區紅旗鎮美典坡)
Site area:	132,880.56 sq.m.
Existing status:	Vacant

The Land is located in Haikou, Hainan Province of within approximately 20 km from Hainan Haikou Meilan International Airport. According to the Directors, to correspond with the development plan of developing Hongqi Town into a hi-technology business zone for plantation of tropical flowers and tree saplings as well as into a key tourist spot, according to the preliminary development proposal of the Land, the development of the Land will comprise (i) a trading centre and exhibition facilities for trading in tree seedlings and other nursery stocks; (ii) serviced apartments; and (iii) office, retail, car parking and other ancillary facilities. The above-mentioned three elements will comprise approximately 17%, 75% and 8% of the total area of the proposed development respectively.

As referred to in the Letter from the Board, the development plan of the Land comprises two phases with an estimated total development cost (excluding financing cost) of approximately RMB958 million. Shareholders may refer to the paragraph headed "Development Plan of the Land" in the Letter from the Board for details in relation to each phase of development of the Land.

As advised by the Directors, the Company intends that the development cost will be funded by the Group's internal financial resources, debt and/or equity financing, subject to the then market conditions. According to the Directors, the Target Group has been in the process of negotiating possible debt financing for the development cost of the Land with various financial institutions. As at the Latest Practicable Date, the PRC Company had entered into a non-legally binding memorandum of understanding (the "**Financing MOU**") with Haikou branch of a state-owned regional credit union which operates in Hainan Province (the "**Credit Union**") regarding a financing facility of up to RMB1,000 million to finance the development cost of the Land. Pursuant to the Financing MOU, subject to further negotiations with the Credit Union, the financing may be by way of general working capital loan or fixed asset loan and the terms of which are subject to further negotiations between both parties. As further advised by the Directors, based on the preliminary discussion between the management of the Target Group and the Credit Union, it is intended that the financing would be of long term in nature with term between three to five years. The financing would be secured by the Land with interest rate being set with reference to the prevailing borrowing rates of the Credit Union.

According to the Directors, the Target Group is still exploring other debt financing options with other financial institutions and no definite decision has been made in financing the development of the Land. Upon Completion, the Group intends only to commit to the amount of development cost up to the available financial resources to the Target Group at each of the relevant time.

Set out below are the Target Group's audited consolidated net profits before and after taxation for the two years ended 31 December 2015:

	Year ended 31 December	
	2015	**2014**
	(approximately US$'million)	*(approximately US$'million)*
Profit before taxation	4.7	2.3
Profit after taxation	1.5	0.8

Further details regarding the historical financial performance of the Target Group are set out in Appendix II to this Circular.

2. Reasons for the Acquisition

As stated in the Letter from the Board, the Board is of the view that difficulties and challenges will persist in the dry bulk marine transportation market. The Board has been exploring suitable investment opportunities that may provide the Group with long term income and growth potential.

As also stated in the Letter from the Board, driven by the PRC's strong economic growth and development, the PRC's flower and plant market had grown substantially in the past five years. The size of the PRC flower and plant market had been growing at a compound annual growth rate ("**CAGR**") of approximately 18.85% between 2010 and 2014 and the total value of flower and plant exported from the PRC had grown significantly by a CAGR of approximately 12.30% between 2010 and 2013. Currently, there is no sizable and professionally managed flower and plant wholesale trade centre established in Guangdong, Guangxi and Hainan Provinces of the PRC. Moreover, according to the 12th five year plan of the PRC government, Hongqi Town, where the Land is located, is regarded as one of the national core development towns of the PRC with a view to developing Hongqi Town into a key tourist spot within the region. Based on the available information, the latest development plan of Hongqi Town will comprise, among other things, a hi-technology business zone for plantation of tropical flowers and tree saplings, a floral exhibition theme park, and areas for hotel. Upon completion of the envisaged developments above, it is expected that Hongqi Town will become one of the core tropical flower and plant hi-technology plantation zone in Hainan Province. Further information regarding the prospects of the PRC's flower and plant market is included in the paragraph headed "Overview of the industries" in the Letter from the Board.

According to National Bureau of Statistics of China (中華人民共和國國家統計局), the total gross floor area ("**GFA**") of residential properties completed in Haikou increased from approximately 0.46 million sq.m. in 2011 to approximately 3.26 million sq.m. in 2014. The total GFA of residential properties sold in Haikou increased from approximately 1.93 million sq.m. in 2011 to approximately 2.98 million sq.m. in 2014. The average selling price of residential properties in Haikou increased at a CAGR of approximately 3.0% from RMB6,641 per sq.m. in 2011 to RMB7,473 per sq.m. in 2014.

As advised by the Directors, it is intended that the current management team of the Target Group led by Mr. Yin Hai as well as Mr. Yin Hai will be retained following Completion. With the assistance of his associates, Mr. Yin Hai has been overseeing the overall business operations of the Target Group. Based on our telephone interview with and the personal profile of Mr. Yin Hai we requested from the Company, we noted that Mr. Yin Hai together with his associates, through two PRC incorporated companies which are principally engaged in property development and tropical flower cultivation and hotel operations respectively, have completed one property development project and are in the progress of completing another one, which comprises residential and retail properties. Mr. Yin Hai also took up an executive role in the operation of a hotel with retail shops and restaurants located in Haikou. Furthermore, through his investment in the PRC, Mr. Yin Hai is interested in the tropical flower plantation business.

In respect of the development of the trading centre and exhibition facilities which involve the operations of electronic platform, it is the current intention of the Directors that the electronic trading platform will be sourced from suppliers which established similar trading platforms in Europe and relevant trainings will be provided by the supplier. In view of the above, we concur with the Directors that the Target Group is likely to have the necessary expertise for the development and management of the Land.

Risk factors identified by the Company in respect of the Acquisition and the business of the Target Group are included in the paragraph headed "Risk factors" in the Letter from the Board.

In light of (i) the depressed business environment and the historical financial performance of the Group; (ii) the Company's preliminary development plan and the associated risks of the Land as balanced by its competitive edge; (iii) the favourable statistics regarding the PRC's flower and plant market as well as the residential properties market in Haikou; and (iv) the reasons for the Acquisition as stated above, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole, even though it is not conducted in the ordinary and usual course of business of the Group.

3. Principal terms of the Sale and Purchase Agreement

On 23 December 2015, the Company and the Vendors entered into the Sale and Purchase Agreement pursuant to which, subject to terms and conditions therein, the Company has conditionally agreed to acquire from the Vendors the entire issued share capital of the Target Company for the Consideration of US$54.0 million, payable as to US$22,032,000 to Mr. Yan, US$21,168,000 to Ms. Lam and US$10,800,000 to Mr. Yin Hai. On 31 March 2016, the Company and the Vendors further entered into the Supplemental Agreement to amend certain terms of the Sale and Purchase Agreement.

Representations, warranties, undertakings and indemnities

Pursuant to the Sale and Purchase Agreement, the Vendors have jointly and severally undertaken and warranted to the Company that each of them shall use their best endeavours to procure for, by the Completion Date:

i. extension by the competent governmental authorities in the PRC of the Commencement Deadline (i.e. 31 March 2016) as stipulated in the Extension Agreement to a date falling on or after 30 September 2016; and

ii. clarification or change of the permitted land use in respect of the Land by the competent governmental authorities in the PRC so that the Intended Uses may be consummated.

As extracted from the Letter from the Board, in respect of (i) above, as confirmed by the Vendor, certain preliminary construction works on the Land had already commenced and, as confirmed by the Haikou Land and Resources Bureau in its reply to the PRC Company dated 31 March 2016 (the "**Reply**"), the PRC Company was not in breach of any term of the Extension Agreement in relation to the commencement and completion of the construction works in respect of the Land that would result in default compensation, land idle fee or forfeiture of land use right thereunder. As advised by the PRC legal adviser to the Company (the "**PRC Legal Adviser**"), as the PRC Company has not breached the Commencement Deadline, it will not be subject to any default compensation, land idle fee or forfeiture of land use right of the Land as aforementioned.

As also extracted from the Letter from the Board, in respect of (ii) above, as clarified by the Haikou Land and Resources Bureau in the Reply, the permitted land use of the Land as recorded on the land use right certificates, that is, "accommodation and catering", falls within the sub-category of the "land for commercial service facilities" category under the applicable PRC laws and regulations and therefore the PRC Company may develop the Land for the Intended Uses in accordance with the applicable laws. As such, the PRC Legal Adviser is of the view that the Intended Uses are not in breach of the permitted land use of the Land and the PRC Company may develop the Land for the Intended Uses in accordance with the applicable laws. The PRC Legal Adviser is also of the view that, in the event that change or adjustment of the permitted land use is required by the relevant land bureau, there will not be any legal impediment in respect of any application for such change or adjustment given that the change or adjustment would not involve the change of the principal category (that is, "land for commercial service facilities"), no payment of additional land premium will be required, and such Intended Uses have already been endorsed by the Haikou Land and Resources Bureau. That said, the PRC Company will still be required to comply with other applicable PRC laws and regulations that are generally required for property development in the course of development of the Land, such as compliance with the applicable procedures under in relation to planning, constructions and environmental protection, and the PRC Legal Adviser is of the view that there is no legal impediment for the PRC Company to comply with the applicable procedures.

On the above basis, we concur with the Directors that the extension of the Commencement Deadline under the above undertaking is no longer necessary and it is not in the interests of the Company and the Shareholders as a whole for the PRC Company to incur additional time, cost and effort in seeking such unnecessary extension. Given the above clarification by the Haikou Land and Resources Bureau, the undertaking regarding the clarification of the permitted land use of the Land has already been fulfilled. Without prejudice to the rights of the Company under the Sale and Purchase Agreement, the Company may consider waiving the above undertakings unless there is any change of circumstances affecting the abovementioned legal positions of the Land before Completion. Unless so waived by the Company, any failure to comply with the undertakings by the Vendors may constitute a material breach of the Sale and Purchase Agreement, and the Company is entitled under the Sale and Purchase Agreement to (among other things) rescind the Sale and Purchase Agreement and not to proceed with Completion.

In relation to the above, we noted that while the Company may at its sole and absolute discretion and at any time to waive any of these undertakings and to elect not to rescind the Sale and Purchase Agreement (thereby electing to proceed with Completion), any such decision will be subject to approval by the disinterested members of the Board (comprising mainly the independent non-executive Directors) on an informed basis with regard to (among other things) the potential risks to the Group and where any Directors having a material interest (including Mr. Yan Kim Po and Ms. Lam Kwan) will be required to abstain from voting (and not be counted in the quorum) for such resolutions as required under the articles of association of the Company.

Pursuant to the Sale and Purchase Agreement, each of the Vendors has also jointly and severally undertaken to indemnify and keep indemnified on demand the Company (for itself and as trustee for each member of the Target Group) against any loss, liability, damages, claims, fines, penalties, orders, expenses and costs or loss of profits, benefits or other commercial advantages suffered by the Company or any member of the Target Group as a result of or in connection with, among other things (the "**Relevant Indemnities**"), (i) non-compliance with the Commencement Deadline; (ii) the Intended Uses being in conflict with the actual permitted land use or town planning requirements in respect of the Land as determined by the competent governmental authorities in the PRC, and as a result the Group is restricted from pursuing the Intended Uses in respect of the Land; and (iii) any land appreciation tax and enterprise income tax as may be charged by the competent PRC governmental authorities against the PRC Company or any other member of the Target Group for any disposal(s) of any or all part of the Land (including any or all part of any future development thereon), at any time commencing from the Completion Date up to and including the earlier of (a) the date on which the PRC Company or any member of the Group ceases to hold any interest in the Land and (b) the expiry date of the term of use of the Land as stated in the land use right certificates in respect of the Land (the "**Tax Indemnity**").

Taking into account that (i) the Group will be indemnified by the Vendors pursuant to the Relevant Indemnities; (ii) the Company is entitled to rescind the Sale and Purchase Agreement and not to proceed with Completion in the event that the Vendors are in material breach of any of their representations and warranties (including those in relation to the extension of the Commencement Deadline and the Intended Uses); (iii) the right to waive any of the representations and warranties given by the Vendor under the Sale and Purchase Agreement rests with the Company in its sole and absolute discretion; and (iv) any decision for (ii) and (iii) above by the Company would be determined by the disinterested members of the Board (comprising mainly the independent non-executive Directors) on an informed basis, we concur with the Directors that the above terms of the Sale and Purchase Agreement are fair and reasonable.

The Consideration

As confirmed by the Directors, the Consideration was determined following commercial negotiations among the parties to the Sale and Purchase Agreement on an arm's length basis with reference to (i) the valuation of the Land as at 30 November 2015; (ii) the 91% attributable interest in the Land that the Group will acquire through acquisition of 91% equity interest in the PRC Company; and (iii) the deduction of payable by the Target Group to its related parties as at the date of the Sale and Purchase Agreement which amounted to approximately US$3.6 million.

In assessing the fairness and reasonableness of the Consideration, we have considered and reviewed the valuation of the Land as detailed in the valuation report (the "**Valuation Report**") prepared by the Independent Valuer as set out in Appendix IV to this Circular and discussed with the Independent Valuer regarding the methodology of and the principal bases and assumptions adopted for the valuation of the Land. As part of our due diligence, we have assessed the qualification and experience of the responsible persons of the Independent Valuer for its engagement as the independent professional valuer, and we noted that they have sufficient experience in valuation of lands in Hong Kong and the PRC. We are therefore of the view that the Independent Valuer possesses sufficient experience in performing the valuation of the Land. The Independent Valuer further confirmed that it is independent from the Company and we have also reviewed the terms of the Independent Valuer's engagement.

In arriving at the market value of the Land, we noted that the Independent Valuer used the direct comparison approach where information on relevant land sales comparables in Haikou were collected and analysed. The Independent Valuer advised us that the direct comparison approach is a common valuation approach used in valuation of lands of nature similar to the Land. Comparable land sales of similar character and location were assessed and weighed against the respective advantages and disadvantages of each comparable land in order to arrive at a fair comparison of capital values. We have obtained the list of comparable lands reviewed by the Independent Valuer and are of the view that such lands are reasonable comparables. After our discussion with the Independent Valuer, we are of the opinion that the valuation methodology and the basis and assumptions used in the Valuation Report are reasonable and acceptable for the purpose of estimating the market value of the Land.

As at 30 November 2015 and 29 February 2016, 91% of the valuation of the Land amounted to approximately RMB371.3 million (equivalent to approximately US$57.3 million). In addition, as aforementioned, the payable by the Target Group to its related parties as at the date of the Sale and Purchase

Agreement amounted to approximately US$3.6 million. As such, the Consideration represents (i) a discount of approximately 5.76% to the 91% valuation of the Land as at 30 November 2015 and 29 February 2016; and (ii) minimal premium of approximately 0.56% over the 91% valuation of the Land net the US$3.6 million payable. As at 31 December 2015, the Target Group did not have other material assets or liabilities apart from the Land, the aforesaid payable and the deferred tax liabilities of approximately US$40.50 million. The deferred tax liabilities, consisting of land appreciation tax and enterprise income tax that are chargeable by PRC governmental authorities against the PRC Company or any other member of the Target Group for any disposal(s) of any or all part of the Land, are jointly and severally undertaken to be indemnified by the Vendors under the Tax Indemnity (for details, please refer to the paragraph headed "Representations, warranties, undertakings and indemnities" in the Letter from the Board). Based on the foregoings, we consider that the Consideration is fair and reasonable.

The Convertible Bonds

The total Consideration of US$54.0 million will be settled by way of issue of the Convertibles Bonds in the total principal amount of US$54.0 million.

The principal terms of the Convertible Bonds have been set out in the Letter from the Board. The initial Conversion Price of HK$1.096 per Conversion Share (which is subject to adjustment(s) pursuant to the terms and conditions of the Convertible Bonds) represents:

i. a discount of approximately 3.01% to the closing price of HK$1.13 as quoted on the Stock Exchange on the Latest Practicable Date;

ii. a discount of approximately 5.52% to the closing price of HK$1.160 per Share as quoted on the Stock Exchange on 23 December 2015, being the date of the Sale and Purchase Agreement (the "**Agreement Date**");

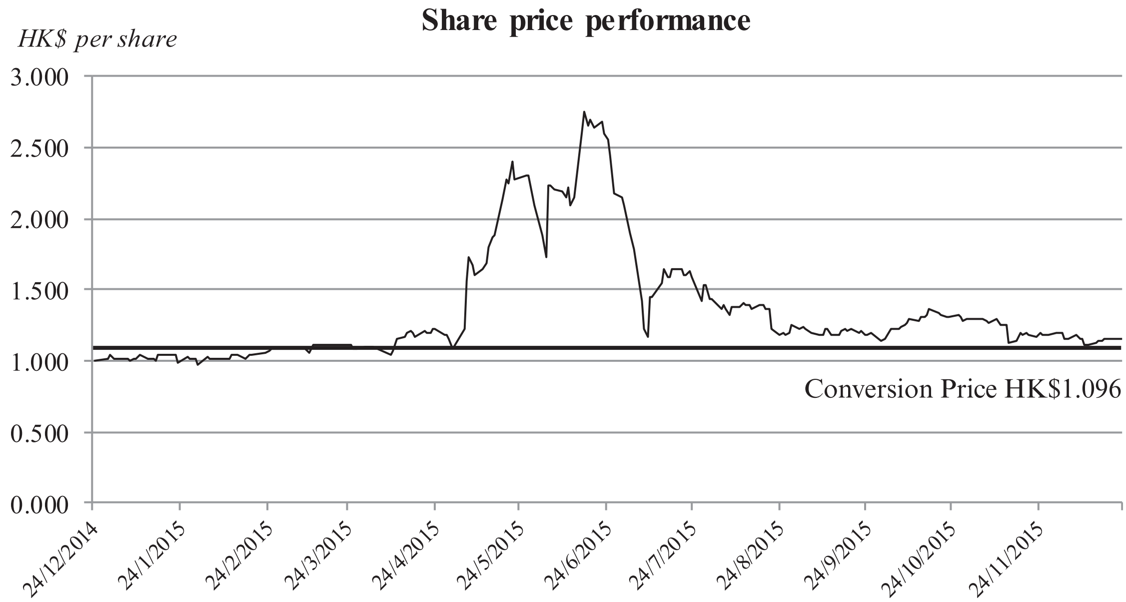
iii. a discount of approximately 5.0% to the average closing price of approximately HK$1.154 per Share as quoted on the Stock Exchange over the last 5 consecutive trading days preceding the Agreement Date; and

iv. a premium of approximately 101.84% over the unaudited consolidated net asset value per Share of approximately US$0.070 (equivalent to approximately HK$0.543) (based on the unaudited condensed consolidated statement of financial position of the Company as at 30 September 2015 and the number of Shares in issue as at the Latest Practicable Date).

To assess the fairness and reasonableness of the Conversion Price, we have taken into consideration the following factors:

(a) The historical Share price performance

The chart below compares the Conversion Price with the closing prices of the Shares on the Stock Exchange from 24 December 2014 (being 12 months prior to the Agreement Date) up to and including the Agreement Date (the "**Review Period**"):



Source: Website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the Conversion Price had been within the closing prices of the Shares, which ranged from the lowest of HK$0.97 per Share on 30 January 2015 to the highest of HK$2.75 per Share on 16 June 2015. As shown in the chart above, the closing prices of the Shares remained steady in the beginning of the Review Period and started to rise substantially in April 2015. After reaching the peak of HK$2.75 per Share on 16 June 2015, the closing prices of the Shares had demonstrated a general falling trend.

(b) Analysis of comparable transactions with the issue of convertible bonds/ notes

We have further conducted a search on all acquisitions by listed companies in Hong Kong involving the issue of convertible bonds/notes as part of the consideration from 1 July 2015 up to and including the Agreement Date (the "**CB Comparables**"). The purpose of the CB Comparables is to provide general reference on the recent market practice in determining the conversion price of convertible bonds/notes. As far as we are aware of, we found an exhaustive list of 20 CB Comparables. Shareholders should note that the businesses and operations of the CB Comparables are not exactly the same as the Company and we have not conducted any in-depth investigation into their businesses, operations and prospects.

Key findings on the conversion price of the CB Comparables as extracted from the relevant announcements are summarised in the table below:

Date of announcement	Stock code	Company	Conversion price	Premium/ (discount) over/to the closing price of the shares on the last trading day prior to/on the date of the announcement	Premium/ (discount) over/to the closing price of the shares for last 5 consecutive trading days prior to/on the date of the announcement
			HK$	*%*	*%*
3/7/2015	989	Group Properties Company Limited	0.85	(35.11)	(15.51)
8/7/2015	254	National United Resources Holdings Limited	0.40	42.86	8.11
10/7/2015	8175	China Digital Culture (Group) Limited	0.12	(9.09)	(31.11)
10/7/2015	767	Pacific Plywood Holdings Limited	0.20	(62.96)	(61.83)
15/7/2015	875	Cypress Jade Agricultural Holdings Limited	0.29	(17.14)	(19.89)
20/7/2015	381	Kiu Hung International Holdings Limited	0.225	2.74	0.00
13/8/2015	8100	GET Holdings Limited	0.40	8.11	2.30
25/8/2015	6878	Differ Group Holding Company Limited	4.502	443.72 *(Note)*	330.32 *(Note)*
15/9/2015	8022	Evershine Group Holdings Limited	0.138	(9.21)	(13.75)
5/10/2015	859	Henry Group Holdings Limited	0.934	3.78	0.00
6/10/2015	8272	Chinese Food and Beverage Group Limited	0.32	3.23	(6.16)
12/10/2015	1335	Sheen Tai Holdings Group Company Limited	1.25	13.64	14.68
14/10/2015	1121	Baofeng Modern International Holdings Company Limited	0.84	(9.68)	(8.70)
28/10/2015	8116	China Fortune Investments (Holding) Limited	0.42	27.27	27.66
9/11/2015	8265	Powerwell Pacific Holdings Limited	0.55	(64.29)	(57.69)
9/11/2015	254	National United Resources Holdings Limited	0.30	(6.25)	9.09
16/11/2015	9	Cheung Wo International Holdings Limited	0.80	(46.31)	(44.06)
14/12/2015	8078	China 3D Digital Entertainment Limited	0.3735	(11.07)	(3.24)
18/12/2015	2280	HC International, INC.	10.00	112.77 *(Note)*	118.82 *(Note)*
21/12/2015	1094	China Public Procurement Limited	0.242	0.00	12.35
			Mean	(9.42)	(10.43)
			Median	(7.67)	(4.70)
			Maximum	42.86	27.66
			Minimum	(64.29)	(61.83)
		The Company	1.096	(5.52)	(5.00)

Note:

As these premium figures are rather outliers as compared to the rest of the CB Comparables, they have not been included in the calculation and/or consideration of the Mean, Median, Maximum and Minimum.

Source: Website of the Stock Exchange (www.hkex.com.hk)

The Conversion price

As demonstrated by the table above, we note that (i) the discount of the Conversion Price to the closing price of the Shares on the Agreement Date of approximately 5.52% is below the mean and median of those of the CB Comparables; (ii) the discount of the Conversion Price to the average closing price of the Shares for the last 5 consecutive trading days preceding the Agreement Date of 5.00% is below the mean and slightly above the median of those of the CB Comparables. Hence, we are of the view that the Conversion price is in line with the recent market practice.

In light of that (i) the Conversion Price represents a slight discount of approximately 5.00% to the average closing price of the Shares for the last 5 consecutive trading days preceding the Agreement Date; (ii) the closing prices of the Shares had demonstrated a general falling trend during the Review Period after reaching the peak in June 2015; and (iii) the Conversion Price is in line with the recent market practice based on the results of the comparable transactions above, we consider that the Conversion Price is fair and reasonable.

The interest rate

Due to the fact that the Convertible Bonds are interest-free, we are of the opinion that it is beneficial to the Company.

Conclusion

In view of all of the foregoing, we consider that the principal terms of the Sale and Purchase Agreement and the Convertible Bonds are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible financial effects of the Acquisition

Following the Completion, the Target Company and its subsidiaries will become subsidiaries of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Company.

Cashflow

With reference to the 2015 Interim Report, the cash and cash equivalents of the Group as at 30 September 2015 was approximately US$14.11 million. Although the Consideration will be satisfied entirely by the issue of Convertible Bonds by the Company, the Directors expected that the Enlarged Group will incur cash outlay for payment of expenses in association with the Acquisition as well as the capital expenditure for future development of the Land which is currently estimated to be of approximately RMB958 million. As advised by the Directors, it is the current plan of the Group to finance the future development of the Land by way of a combination of internal financial resources, equity or debt financing. As at the Latest Practicable Date, the PRC Company obtained the Financing MOU. Upon Completion, the Group intends only to commit to the amount of development cost up to the available financial resources to the Target Group at each of the relevant time. In addition, we have enquired into and were advised by the Directors that the Enlarged Group will adopt the following internal control measures to ensure that the Enlarged Group will have sufficient funding in the future: (i) monthly (or more frequently if it is determined necessary) monitoring of the Enlarged Group's cash flow position by the Group's finance department and (ii) before commitment and execution, relevant contracts must be approved by the Group's senior management or (where the contractual sum or commitment is significant or will trigger the Company's disclosure obligations under the Listing Rules) by the Board to ensure sufficient funding is in place.

As also extracted from Appendix I to this Circular, the Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account of financial resources available to the Enlarged Group including internally generated funds, available financial facilities, the Enlarged Group has sufficient working capital for its present requirements, and the estimated development cost of the Land, for at least 12 months from the date of this Circular.

Net assets

With reference to the 2015 Interim Report, the total unaudited net assets of the Group amounted to approximately US$63.90 million as at 30 September 2015. Based on the unaudited pro forma financial information of the Enlarged Group as included in Appendix III to this Circular (the "**Pro forma Information**"), assuming that the Completion had taken place on 31 December 2015, the net assets of the Enlarged Group would increase to US$68.80 million. As aforementioned, it is the current plan of the Group to finance the future development of the Land by way of a combination of internal financial resources, equity or debt financing. As such, the net assets position of the Enlarged Group may be changed depending on the then financing method chosen by the Enlarged Group.

Gearing

With reference to the 2015 Interim Report, the Group's gearing ratio (measured in terms of bank loans and other borrowings of the Group divided by total assets of the Group) was approximately 42.4% as at 30 September 2015. According to the Pro forma Information, as the aggregate bank loans and other borrowings and total assets of the Enlarged Group would become US$73.74 million and US$176.93 million, respectively, assuming that the Completion had taken place on 31 December 2015, the Enlarged Group's gearing ratio would decrease to approximately 41.7%. In addition, as aforementioned, the Directors advised us that it is the current plan of the Group to finance the future development of the Land by way of a combination of internal financial resources, equity or debt financing. As such, the gearing position of the Enlarged Group may be changed depending on the then financing method chosen by the Enlarged Group.

It should be noted that the analyses above are for illustrative purposes only and do not purport to represent how the financial position of the Enlarged Group will be upon Completion.

5. Possible dilution on the shareholding interests of the public Shareholders

A total of 381,843,064 Conversion Shares will be issued to the Bondholder(s) upon full conversion of the Convertible Bonds at the initial Conversion Price of HK$1.096 per Conversion Share.

Reference is made to the shareholding structure of the Company as set out under the section headed "Changes in Shareholding Structure" in the Letter from the Board. Upon issue of the Convertible Bonds, there will be no change to the shareholding structure of the Company. Upon full exercise of the conversion rights attached to the Convertible Bonds and the issue of the Conversion Shares, (i) assuming no conversion of the First Convertible Bonds and no exercise of options granted by the Company, the shareholding of the public Shareholders will be diluted from approximately 32.66% to approximately 23.05% and (ii) assuming the conversion in full of the First Convertible Bonds and the exercise in full of options granted by the Company, the shareholding of the public Shareholders will be diluted from approximately 32.66% to approximately 23.32%. It is noted that pursuant to the respective terms and conditions of the Convertible Bonds and the First Convertible Bonds, any exercise of the conversion rights thereunder which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules would be restricted. It is also noted that, at the Latest Practicable Date, (i) approximately 67.28% of the Shares was held by Ablaze Rich, which is legally and beneficially owned by Mr. Yan as to 51% and Ms. Lam as to 49% (the "**Controlling Shareholders**") and (ii) Mr. Yin Hai did not hold any Shares. Assuming full conversion of the Convertible Bonds, the Shares will be further concentrated with the Controlling Shareholders together with Mr. Yin Hai holding a maximum of 75% interest in the Company (due to the minimum public float requirement under the Listing Rules).

Taking into account the factors above, in particular, the followings:

(i) the Acquisition allows the Group to penetrate into the PRC's flower and plant market with potential future prospects;

(ii) the settlement of the Consideration by way of issue of the Convertible Bonds can serve to preserve the cash resources of the Group;

(iii) the exercise of conversion rights under the Convertible Bonds is subject to the terms and conditions thereof, including the restriction to any exercise of the conversion rights thereunder which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules; and

(iv) the terms of the Sale and Purchase Agreement (including the Convertible Bonds) being fair and reasonable so far as the Independent Shareholders are concerned as discussed in the paragraph headed "Principal terms of the Sale and Purchase Agreement" above,

we are of the opinion that the aforesaid levels of dilution to the shareholding interests of the public Shareholders and level of concentration of the shareholding interests in the Controlling Shareholders together with Mr. Yin Hai in the event that the conversion rights attached to the Convertible Bonds are exercised in full and the Conversion Shares are issued are acceptable.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the Acquisition and the transactions contemplated under the Sale and Purchase Agreement (including the issue of the Convertible Bonds) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, although not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement at the EGM.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Anthony Ng
Managing Director

Mr. Anthony Ng is a licensed person and responsible officer of VBG Capital registered with the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has 15 years of experience in corporate finance.

Financial information of the Group for each of the three years ended 31 March 2013, 31 March 2014, and 31 March 2015 and the six months ended 30 September 2015 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.greatharvestmg.com) respectively.

- annual report of the Company for the year ended 31 March 2013 published on 8 July 2013;
- annual report of the Company for the year ended 31 March 2014 published on 15 July 2014;
- annual report of the Company for the year ended 31 March 2015 published on 22 July 2015; and
- interim report of the Company for the year ended 30 September 2015 published on 15 December 2015.

The auditor of the Company has not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2013, 2014 and 2015.

STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of this statement of indebtedness, the indebtedness of the Enlarged Group was as follows:

(a) Bank borrowings of approximately US$41,876,000 which is interest bearing at floating rates with reference to London Interbank Offered rate and were secured by (i) first preferred mortgages over four vessels owned by the Group; (ii) assignment of the charter-hire income and insurance in respect of these four vessels; (iii) charges over shares of four ship owning subsidiaries, being members of the Group; (iv) pledged bank deposits of approximately US$2,708,000 held by the Group; and (v) corporate guarantee from the Company;

(b) Convertible bonds issued by the Company to its ultimate holding company, Ablaze Rich Investments Limited, with principal amount of US$3,000,000, which is interest-bearing at 4% per annum; and

(c) Unsecured interest-free loan from the Target Group's related companies, Hainan Great Harvest Flower Co. Ltd.* (海南榮豐花卉有限公司) and Hainan Great Harvest Holdings Limited* (海南榮豐控股有限公司), of approximately RMB22,386,000 (approximately US$3,425,000) and approximately RMB704,000 (approximately US$108,000) respectively.

As at the close of business on 29 February 2016, the Enlarged Group also had outstanding interest rate swap contract to change interest rate cash flows from a floating rate to a fixed rate. The notional principal amount as at 29 February 2016 was approximately US$12,000,000. The interest rate swap is classified as derivative financial instrument and is measured at its fair value and any change in fair value is recognised in the consolidated income statement of the Group. The carrying amount of the derivative financial instrument as at 29 February 2016 is approximately US$212,000.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into United States dollars at the approximate exchange rates prevailing at RMB1:US$0.153.

Save as disclosed above, the Enlarged Group did not have, at the close of business on 29 February 2016, any outstanding mortgages, charges, debentures, bank loans and overdrafts, debt securities or loan notes or other similar indebtedness, loan capital issued or outstanding or agreed to be issued, liabilities under acceptances or acceptance credits or any finance lease commitments, or any guarantees or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECTS

The Group has continued to offer worldwide marine transportation services to its customers through chartering out its vessels for transportation of dry bulk cargoes during the current financial year. The Group aims to maintain its established market presence in the marine transportation industry by continuously capitalising on opportunities to leverage its competitive strengths and implementing its business strategies as summarised below:

- expand and optimise the size and composition of the Group's fleet by acquisition and disposal of secondhand vessels in accordance with the demand for the Group's marine transportation services from time to time;

- strengthen the Group's ability to adapt to market changes by operating the Group's vessels in the spot market and, where appropriate, under long term charter contracts; and

- enhance profitability through high quality services and stringent cost-efficient policy by delegating the operation, management and maintenance of the Group's vessels to experienced and professional ship manager under the close supervision of the Group's management.

The Directors consider that competition in the marine transportation industry will continue to present challenges for the Group. However, the Directors believe that the Group has its strengths to maintain competitiveness in the industry. The Group has an experienced management team so as to adopt suitable long term and short term strategies to cater for market challenges and risks, and relatively young and stringently maintained and managed vessels to offer high standard, safe and reliable marine transportation services to its customers. The Group will continue to uphold its prudent operating strategies and seek to charter out vessels to more reputable charterers. The Directors expect that with the financial resources available to the Group, including cash generated from operating activities and financial facilities and means available to raise funds in the capital market and from banks and financial institutions, the Group's financial position remains strong for the current financial year. The Directors view the future prospects with confidence and believe the Group is well placed to continue its business in line with its strategies.

Furthermore, in order to diversify the Group's income stream and to improve the Group's financial performance, the Board has been exploring for suitable investment opportunities that may provide the Group with stable income and growth potential.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 September 2015 that, among other things, the Group recorded a loss for the period and total comprehensive loss attributable to owners of the Company of approximately US$10.8 million, the Directors were not aware of any material adverse change in the financial and trading position of the Group since 31 March 2015, being the date to which the latest published audited consolidated financial statement of the Group were made up.

WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account of financial resources available to the Enlarged Group including internally generated funds, available financial facilities, the Enlarged Group has sufficient working capital for its present requirements and the estimated development cost of the Land for at least 12 months from the date of this circular.

1. ACCOUNTANTS' REPORT OF THE TARGET GROUP

The following is the text of a report for the sole purpose of inclusion in this circular, from the independent reporting accountants, PKF, Certified Public Accountants, Hong Kong.

大信梁學濂（香港）會計師事務所

Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
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香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

15 April 2016

The Directors
Great Harvest Maeta Group Holdings Limited

Dear Sirs,

We report on the financial information of Top Build Group Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred as to the "**Target Group**") which comprises the consolidated statements of financial position of the Target Group as at 31 December 2013, 2014 and 2015 and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2013, 2014 and 2015 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"). This Financial Information has been prepared by the directors of Great Harvest Maeta Group Holdings Limited (the "**Company**") for inclusion in the circular of the Company dated 15 April 2016 (the "**Circular**") in connection with the proposed acquisition of Target Company by the Company.

The Target Company was incorporated in the British Virgin Islands ("BVI") on 24 October 2014 with limited liability under the BVI Business Companies Act (2004) for the purpose of group reorganisation ("Reorganisation").

As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in Note 24 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

No statutory financial statements have been prepared for the Target Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The audited financial statements of other companies now comprising the Target Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of these companies are set out in Note 24 of Section II below.

The directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "**IASB**") (the "**Underlying Financial Statements**"), and for such internal control as the directors of the Target Group determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1.2 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with the basis of presentation as set out in Note 1.2 of Section II below and in accordance with IFRSs issued by IASB and the accounting policies adopted by the Company and its subsidiaries as set out on pages 45 to 61 of the annual report of the Company for the year ended 31 March 2015.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, for the purpose of this report, the Financial Information, presented on the basis set out in Note 1.2 of Section II below, gives a true and fair view of the financial positions of the Target Group as at 31 December 2013, 2014 and 2015, and of the Target Group's financial performance and cash flows for the Relevant Periods then ended.

I. FINANCIAL INFORMATION OF THE TARGET GROUP

(A) Consolidated Statements of Profit or Loss

		Year ended 31 December		
		2013	**2014**	**2015**
	Note	*US$'000*	*US$'000*	*US$'000*
Revenue	4	—	—	—
Fair value gain on investment properties	11	4,805	2,320	4,669
General and administrative expenses		(67)	(19)	(8)
Profit before income tax	5	4,738	2,301	4,661
Income tax expense	7	(3,269)	(1,550)	(3,189)
Profit for the year		1,469	751	1,472
Attributable to:				
Owners of the Target Company		1,337	683	1,339
Non-controlling interests		132	68	133
		1,469	751	1,472
Earnings per share attributable to owners of the Target Company	9	N/A	N/A	N/A

(B) Consolidated Statements of Comprehensive Income

		Year ended 31 December		
		2013	**2014**	**2015**
	Note	*US$'000*	*US$'000*	*US$'000*
Profit for the year		1,469	751	1,472
Other comprehensive income/(loss) for the year, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of financial statements of foreign operations		539	(116)	(1,008)
Total comprehensive income for the year		2,008	635	464
Attributable to:				
Owners of the Target Company		1,827	578	422
Non-controlling interests		181	57	42
		2,008	635	464

(C) Consolidated Statements of Financial Position

		At 31 December		
		2013	**2014**	**2015**
	Note	*US$'000*	*US$'000*	*US$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	10	46	21	10
Investment properties	11	59,045	61,266	62,861
		59,091	61,287	62,871
CURRENT ASSETS				
Deposits, prepayments and other receivables	12	60	58	55
Amounts due from related companies	13	893	731	—
Cash and cash equivalents	14	24	25	12
		977	814	67
DEDUCT: CURRENT LIABILITIES				
Other payables and accruals	15	75	70	57
Amount due to the Controlling Shareholder	16	8,207	—	—
Amounts due to related companies	13	4,108	4,200	3,571
TOTAL CURRENT LIABILITIES		12,390	4,270	3,628
NET CURRENT LIABILITIES		(11,413)	(3,456)	(3,561)
TOTAL ASSETS LESS CURRENT LIABILITIES		47,678	57,831	59,310
NON-CURRENT LIABILITIES				
Deferred tax liabilities	8	38,178	39,483	40,498
NET ASSETS		9,500	18,348	18,812
REPRESENTING: CAPITAL AND RESERVES				
Share capital	17	10	20	20
Reserves		7,897	16,678	17,100
		7,907	16,698	17,120
Non-controlling interests	25	1,593	1,650	1,692
TOTAL EQUITY		9,500	18,348	18,812

(D) Consolidated Statements of Changes in Equity

	Attributable to owners of the Target Company						
	Share capital	**Other reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 17	*Note 18(c)(i)*	*Note 18(c)(ii)*			*Note 25*	
At 1 January 2013	10	—	73	5,997	6,080	1,412	7,492
Total comprehensive income for the year	—	—	490	1,337	1,827	181	2,008
At 31 December 2013 and 1 January 2014	10	—	563	7,334	7,907	1,593	9,500
Incorporation of the Target Company	20	—	—	—	20	—	20
Reorganisation	(10)	10	—	—	—	—	—
Capitalisation of amount due to the Controlling Shareholder	—	8,193	—	—	8,193	—	8,193
Total comprehensive (loss)/income for the year	—	—	(105)	683	578	57	635
At 31 December 2014 and 1 January 2015	20	8,203	458	8,017	16,698	1,650	18,348
Total comprehensive (loss)/income for the year	—	—	(917)	1,339	422	42	464
At 31 December 2015	20	8,203	(459)	9,356	17,120	1,692	18,812

(E) Consolidated Statements of Cash Flows

	Year ended 31 December		
	2013	2014	2015
	US$'000	*US$'000*	*US$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	4,738	2,301	4,661
Adjustments for:			
Depreciation	24	24	12
Fair value gain on investment properties	(4,805)	(2,320)	(4,669)
Operating (loss)/profit before working capital changes	(43)	5	4
Changes in net working capital:			
Deposits, prepayments and other receivables	9	2	3
Other payables and accruals	—	(5)	(13)
Amounts due from related companies	20	158	719
CASH (USED IN)/GENERATED FROM OPERATIONS AND NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES	(14)	160	713
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(1)	—	—
Payments to acquire investment properties	(360)	(283)	(298)
NET CASH USED IN INVESTING ACTIVITIES	(361)	(283)	(298)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares of the Target Company	—	20	—
Net repayments to the Controlling Shareholder	(50)	(14)	—
Net advances from/(repayments to) related companies	390	118	(428)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	340	124	(428)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(35)	1	(13)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	59	24	25
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	25	12
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	25	12

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE TARGET GROUP AND REORGANISATION

1.1 General information of the Target Group

The Target Company was incorporated in the British Virgin Islands on 24 October 2014 with limited liability under the BVI Business Companies Act (2004). The registered address of the Target Company is Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The principal place of business of the Target Company is located at Hongqi Town, Haiyu East Road, Haikou City, Hainan Province, People's Republic of China.

The Target Company is an investment holding company. The Target Company and its subsidiaries now comprising the Target Group are principally engaged in property investment and development in the People's Republic of China (the "**PRC**") (the "**Target Group's Business**"). The ultimate controlling shareholders of the Target Group are Mr. Yan Kim Po ("Mr. Yan"), Ms. Lam Kwan ("Ms. Lam") and Mr. Yin Hai ("Mr. Yin") (the "**Controlling Shareholders**").

1.2 Basis of presentation

Before the formation of the Target Group, the Target Group's Business was carried out by the subsidiaries now comprising the Target Group as set out in Note 24 of Section II below, all of which were collectively controlled by the Controlling Shareholders. For the purpose of rationalise the group structure, the Target Group underwent the Reorganisation for the Target Group's Business. Upon completion of the Reorganisation, the Target Company became the holding company of the subsidiaries now comprising the Target Group on 31 December 2014.

Because the companies now comprising the Target Group were controlled by the Controlling Shareholders before and after the Reorganisation and, consequently there was a continuation of the risks and benefits to the Controlling Shareholders, the Financial Information has been prepared using the merger basis of accounting as if the Target Group had always been in existence. The net assets of the companies comprising the Target Group are combined using the book values from the Controlling Shareholders' perspectives.

The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the Relevant Periods include the results and cash flows of the companies now comprising the Target Group (or where the companies were incorporated/established at a date after 1 January 2013, for the period from the date of incorporation/establishment to 31 December 2015) as if the current group structure had been in existence throughout the entire Relevant Periods. The consolidated statements of financial position of the Target Group as at 31 December 2013, 2014 and 2015 have been prepared to present the financial positions of the companies comprising the Target Group as at the respective dates as if the current group structure had been in existence at the respective dates.

All material intra-group transactions and balances have been eliminated on combination.

The Financial Information is presented in United States dollars ("US$"") and all values are rounded to the nearest thousand except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) When preparing the Financial Information, the Target Group's ability to continue as a going concern has been assessed. As at 31 December 2013, 2014 and 2015, the Target Group had net current liabilities of US$11,413,000, US$3,456,000 and US$3,561,000 respectively. The Financial Information has been prepared on a going concern basis due to the reason that the Controlling Shareholders have undertaken to provide continuing financial support to the Target Group.

After taking into consideration of the aforementioned, the directors of the Target Group are satisfied that the Target Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the Financial Information to be prepared on a going concern basis.

Should the Target Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

(b) The Financial Information set out in this report has been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Main Board Listing Rules. The Financial Information has been prepared under the historical cost convention except that the investment properties are stated at fair value.

All IFRSs effective for the accounting period commencing from 1 January 2015 have been adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods. The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The preparation of the Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 3 below.

(c) The Target Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 9 (2014)	Financial instruments[2]
IFRS 14	Regulatory Deferral Amounts[1]
IFRS 15	Revenue from contracts with customers[2]
Amendments to IAS 1	Disclosure initiative[1]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[1]
Amendments to IAS 27	Equity method in separate financial statements[1]
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture[1]
Amendments to IAS 28, IFRS 10 and IFRS 12	Investment entities: Applying the consolidation exception[1]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint Operations[1]
Amendments to IFRSs	Annual improvements to IFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

The Target Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Target Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.2 Consolidation and combination

Subsidiaries are all entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

i) Business combinations under common control

The Financial Information includes the financial information of the companies comprising the Target Group, which is principally engaged in the operation of the Target Group's Business. All of the Target Group's assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the Relevant Periods, and the Business have been combined from the date when they first came under the control of the controlling party.

Upon transfer of interest in an equity to another entity that is under the control of the equity owner that controls the Target Group, any difference between the Target Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised as deemed distribution directly in capital reserve.

Inter-company transactions, balances, income and expenses on transactions between Target Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

ii) Business combinations not under common control

Except for the Reorganisation, the Target Group uses the acquisition method of accounting to account for business combinations. Subsidiaries are fully consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Target Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Target Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred to the Target Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree (collectively the "**Sum of Consideration**") is more than the fair value of the identifiable net assets acquired, the excess is recorded as goodwill. If the Sum of Consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Target Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with all policies adopted by the Target Group.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using straight-line method to allocate their cost to their residual values over the estimated useful lives, as follows:

Category	**Useful life**	**Residual value**
Computer equipment	3 years	5%
Office equipment	5 years	5%
Motor vehicles	3 to 4 years	5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7.2).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other losses — net" in the consolidated statements of profit or loss.

2.4 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

When the Target Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis.

2.5 Other receivables

If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.7 Impairment of assets

2.7.1 Impairment of financial assets

The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Target Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2.7.2 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment testing of an investment in a subsidiary is required upon receiving a dividend if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the subsidiary in the Company's statement of financial position exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.8 Other payables

Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Target Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Target Group.

Obligations for contributions to retirement plans, including contributions payable under the PRC central pension scheme, are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Target Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2.11 Translation of foreign currencies

2.11.1 Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). These financial statements are presented in US$, which is the Target Company's functional and the Target Group's presentation currency.

2.11.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

2.11.3 Target Group companies

The results and financial position of all the Target Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of each reporting period;

— Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.12.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Target Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*2.12.2 **Deferred income tax***

2.12.2.1 Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.4, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2.12.2.2 Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

*2.12.3 **Offsetting***

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.13 Financial guarantees issued, provisions and contingent liabilities

2.13.1 Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Target Group issues a financial guarantee, the fair value for the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Target Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 2.13.2 if and when (i) it becomes probable that the holder of the guarantee will call upon the Target Group under the guarantee; and (ii) the amount of that claim on the Target Group is expected to exceed the amount currently carried in trade and other payables in respect of the guarantee i.e. the amount initially recognised, less accumulated amortisation.

2.13.2 Provisions and contingent liabilities

Provisions are recognised when: the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Possible obligations, whose existence 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.

2.14 Related parties

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

(a) the party is a person or a close member of that person's family and that person

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

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

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

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group are joint ventures of the same third party;

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

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

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

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

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.

2.15 Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Target Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these Financial Information. The principal accounting policies are set forth in Note 2 above. The Target Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these Financial Information.

3.1 Impairment of other receivables

The Target Group estimates the impairment allowances for other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of other receivables and thus the impairment loss in the period in which such estimate is changed. The Target Group reassesses the impairment allowances at the end of each reporting period.

3.2 Depreciation

Property, plant and equipment are depreciated on straight-line basis over the estimated useful lives, after taking into account the estimated residual value if any. The Target Group reviews the estimated useful lives and basis of depreciation of property, plant and equipment regularly in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives and basis of depreciation are based on the Target Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

3.3 Current and deferred income taxes

The Target Group is subject to income taxes in Hong Kong and the PRC. Judgements and estimations are required in determining the provision for income taxes for certain transactions (including inter-company transactions) and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determinations are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

3.4 Fair value of investment properties

Investment properties were revalued as at 31 December 2013, 2014 and 2015 based on the appraised market values by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Target Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

In the absence of current prices in an active market for similar properties, the Target Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;

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

(c) discounted cash flows projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Target Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

4. REVENUE AND SEGMENT INFORMATION

The Target Group did not have any revenue during the Relevant Periods.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Target Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Target Group only operates in one business, and thus has one reportable and operating segment: property development. Accordingly, the Target Group did not have any identifiable segment or any discrete information for segment reporting purpose. Currently, as the Target Group did not have any revenue during the Relevant Periods, no geographical segment analysis for revenue is presented. All of the non-current assets are located in the PRC.

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

		Year ended 31 December		
		2013	**2014**	**2015**
		US$000	*US$000*	*US$000*
(a)	Depreciation	24	24	12
(b)	Staff cost:			
	Salary, wages and other allowances	252	172	—
	Contributions to defined contribution plans	5	5	—
	Termination benefits	—	13	—
		257	190	—
	Less: Staff cost capitalised in investment properties	(257)	(177)	—
	Staff cost-termination benefits	—	13	—

6. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' emoluments

No directors' emoluments as defined in the Hong Kong Companies Ordinance was paid or payable for the Relevant Periods.

Five highest paid individuals

Among the five highest paid individuals of the Group, none of them are directors of the Target Company for the years ended 31 December 2013, 2014 and 2015 respectively.

	Year ended 31 December		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Salaries, allowances and other benefits in kind	77	59	—
Contributions to defined contribution plans and housing provident fund	4	6	—
	81	65	—

The individuals with the highest emoluments are fall within the following band:

	Year ended 31 December		
	2013	**2014**	**2015**
Nil to US$20,000	5	5	0

During the year ended 31 December 2014, the Target Group paid approximately US$13,000 to the five highest individuals as compensation for loss of office. Except for the aforementioned, for the years ended 31 December 2013, 2014 and 2015, no other emoluments were paid by the Target Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

7. INCOME TAX EXPENSE

	Year ended 31 December		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Deferred tax — current year	3,269	1,550	3,189

The Target Company and its subsidiary incorporated in the BVI are not subject to any income tax pursuant to local rules and regulations.

Pursuant to Hong Kong and PRC laws and regulations, the Target Group's subsidiaries incorporated in Hong Kong and the PRC are subject to Hong Kong profits tax and Enterprise Income Tax ("EIT") at 16.5% and 25% on the estimated assessable profits respectively.

No Hong Kong profits tax has been provided in the consolidated financial statements as the Target Company's subsidiary incorporated in Hong Kong did not have any assessable profits during the Relevant Periods.

The Target Group's subsidiary in the PRC is also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of properties, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction.

According to the EIT laws and regulations, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profit earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

The income tax expense for the year can be reconciled to the profit before income tax per consolidated statements of profit or loss as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	US$	*US$*	*US$*
Profit before income tax	4,738	2,301	4,661
Tax on profit before income tax, calculated at the applicable tax rate	1,185	575	1,166
Tax effect of non-deductible expenses	17	4	1
Land appreciation tax	2,067	971	2,022
Income tax expense	3,269	1,550	3,189

As at 31 December 2013, 2014 and 2015, temporary differences relating to the undistributed profits of the Target Company's subsidiary in the PRC were approximately US$16,952,000, US$17,593,000 and US$18,058,000 respectively. The related deferred tax liabilities of US$848,000, US$880,000 and US$903,000 as at 31 December 2013, 2014 and 2015 respectively have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Target Group controls the dividend policy of the subsidiaries and the directors have determined that these retained profits are not likely to be distributed in the foreseeable future.

8. DEFERRED TAX LIABILITIES

The following is deferred tax liabilities recognised by the Target Group and movements hereon during the Relevant Periods:

	Revaluation of Investment properties *US$'000*
At 1 January 2013	33,751
Charge to profit or loss for the year	3,269
Exchange adjustment	1,158
At 31 December 2013 and 1 January 2014	38,178
Charge to profit or loss for the year	1,550
Exchange adjustment	(245)
At 31 December 2014 and 1 January 2015	39,483
Charge to profit or loss for the year	3,189
Exchange adjustment	(2,174)
At 31 December 2015	40,498

9. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

10. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment *US$'000*	Office equipment *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
Cost:				
At 1.1.2013	21	9	53	83
Additions	1	—	—	1
Exchange adjustment	1	—	2	3
At 31.12.2013 and 1.1.2014	23	9	55	87
Exchange adjustment	—	—	(1)	(1)
At 31.12.2014 and 1.1.2015	23	9	54	86
Exchange adjustment	(1)	—	(3)	(4)
At 31.12.2015	22	9	51	82
Accumulated depreciation:				
At 1.1.2013	5	2	9	16
Charge for the year	7	2	15	24
Exchange adjustment	—	—	1	1
At 31.12.2013 and 1.1.2014	12	4	25	41
Charge for the year	7	2	15	24
At 31.12.2014 and 1.1.2015	19	6	40	65
Charge for the year	2	2	8	12
Exchange adjustment	(1)	(1)	(3)	(5)
At 31.12.2015	20	7	45	72
Net book value:				
At 31.12.2013	11	5	30	46
At 31.12.2014	4	3	14	21
At 31.12.2015	2	2	6	10

11. INVESTMENT PROPERTIES

	At 31 December		
	2013	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*
At fair value:			
At the beginning of the year	52,091	59,045	61,266
Additions	360	283	298
Fair value adjustment	4,805	2,320	4,669
Exchange adjustment	1,789	(382)	(3,372)
At the end of the year	59,045	61,266	62,861

As at 31 December 2013 ,2014 and 2015, the investment properties comprised a leasehold land situated in Hainan Province, the PRC, under long-term lease. The leasehold land had undetermined future use during the Relevant Periods.

Fair value adjustment of investment properties is recognised in the line item "fair value gain on investment properties" on the face of the consolidated statements of profit or loss.

Fair value measurement of investment properties

The following table presents the fair value of the Target Group's investment properties measured at 31 December 2013 ,2014 and 2015 on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: fair value measured using significant unobservable inputs

None of the Target Group's investment properties measured at fair value are categorised into Level 1 and Level 2 valuations. The investment properties which are categorised into Level 3 valuations are analysed as below:

	At 31 December		
	2013	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*
Recurring fair value measurement			
Investment properties categorised into Level 3 valuations:			
Leasehold land in the PRC	59,045	61,266	62,861

During the years ended 31 December 2013, 2014 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

The Target Group's investment properties were independently valued by Colliers International (Hong Kong) Limited ("Colliers"). Colliers and its professional valuers in charge of this valuation have appropriate qualifications and relevant experiences in various valuation assignments on buildings and lands. The professional valuers of Colliers involved in this valuation include professional members of Royal Institution of Chartered Surveyors, the Hong Kong Institute of Surveyors and the Association of Chartered Certified Accountants, as well as charterholders of Chartered Financial Analyst and Financial Risk Manager. They have extensive experiences in valuing different kinds of assets such as property assets, industrial assets, mining rights and assets, technological assets and financial assets worldwide and have previously performed valuations of industrial buildings, commercial buildings, investment properties and construction sites, etc.

Among the professional institutions mentioned above, the Royal Institution of Chartered Surveyors is a member organisation of the International Valuation Standards Council (the "**IVSC**") which encourages their respective members to adopt and use the International Valuation Standards laid down by the IVSC. Colliers has assessed and declared its independence based on the requirements of the International Valuation Standards.

Colliers has adopted the direct comparison approach in valuing the Target Group's investment properties.

The following steps have been taken for the site inspection of the Target Group's investment properties conducted by Colliers:

— Verified the physical existence of the leasehold land;

— Obtained copies of the Land Use Right Certificates of which the leasehold land is located; and

— Assess the lease term and the use of the leasehold land as determined on the Land Use Right Certificates.

Details of key unobservable inputs, representing the adjustments to comparables, used in valuing the investment properties under Level 3 are as follows:

	Range		
	At 31 December		
Key unobservable inputs	**2013**	**2014**	**2015**
Time adjustment	10.1%	14.8%	22.7%
Location adjustment	10.0%	10.0%	10.0%
Development scale adjustment	–5.8% to –6.8%	–5.8% to –6.8%	–5.8% to –6.8%
Land use rights term adjustment	4.5%	4.8%	6.1%

The fair value measurement of investment properties is positively correlated to time adjustment, location adjustment and land use rights term adjustment and negatively correlated to development scale adjustment.

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December		
	2013	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*
Utilities and other deposits	3	3	3
Prepayments	2	2	2
Other receivables	55	53	50
	60	58	55

13. AMOUNTS DUE FROM/TO RELATED COMPANIES

Amounts due from related parties

Details disclosed pursuant to the Hong Kong Companies Ordinance in relation to amounts due from related companies are as follows:

Name of related company	**At 31 December**		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Hainan Great Harvest Huacheng Tourism Co. Ltd.* (海南榮豐華城旅業有限公司)	157	—	—
Qionghai Boao Xindu Tourism Co. Ltd.* (瓊海博鰲信都旅業有限公司)	736	731	—
	893	731	—

Name of related company	**Maximum amount outstandings during the year Year ended 31 December**		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Hainan Great Harvest Huacheng Tourism Co. Ltd.* (海南榮豐華城旅業有限公司)	157	157	—
Hainan Great Harvest Flower Co. Ltd.* (海南榮豐花卉有限公司)	170	—	—
Qionghai Boao Xindu Tourism Co. Ltd.* 瓊海博鰲信都旅業有限公司	736	736	731

Amounts due to related companies

Name of related company	At 31 December		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Hainan Great Harvest Holdings Limited* (海南榮豐控股有限公司)	2,043	—	108
Hainan Great Harvest Flower Co. Ltd.* (海南榮豐花卉有限公司)	2,057	4,191	3,450
Great Harvest Group International Co. Ltd.	8	9	13
	4,108	4,200	3,571

* *The English names are translation of the Chinese name of the companies for identification only as no English names have been registered.*

The related parties above are commonly controlled by certain directors of the Target Group.

The amounts due from/to related companies are interest-free, unsecured and repayable on demand.

14. CASH AND CASH EQUIVALENTS

As at 31 December 2013, 2014 and 2015, the equivalent amounts of cash and bank balances of the Target Group denominated in Renminbi ("RMB") were approximately US$22,000, US$18,000 and US$6,000 respectively. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks.

15. OTHER PAYABLES AND ACCRUALS

	At 31 December		
	2013	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*
Payroll and welfare payables	18	9	—
Other taxes payables	8	11	10
Other payables	49	50	47
	75	70	57

16. AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

	At 31 December		
	2013	**2014**	**2015**
Name of controlling shareholder	*US$'000*	*US$'000*	*US$'000*
Mr. Yan	8,207	—	—

As at 31 December 2013, the amount represented the advances from the Controlling Shareholder, Mr. Yan, which was interest-free, unsecured and repayable on demand.

On 31 December 2014, Mr. Yan entered into an agreement with the Target Company to capitalise the amount due to Mr. Yan of approximately US$8,193,000.

17. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDER OF THE TARGET COMPANY

The share capital of the Target Group as at 31 December 2013 represented the issued and fully paid share capital of Great Harvest Landmark Investment Company Limited ("GLI") before the completion of the Reorganisation.

The share capital of the Target Group as at 31 December 2014 and 2015 represented the issued and fully paid share capital of the Target Company after the completion of the Reorganisation.

Details of the Target Company's share capital are set out below.

Share capital	**At 31 December**	
	2014	**2015**
	US$'000	*US$'000*
Authorised:		
50,000 shares of US$1 each	50	50
Issued and fully paid:		
20,000 shares of US$1 each	20	20

Capital management

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

The capital structure of the Target Group consists of net debts and equity attributable to owners of the Target Company, comprising share capital and reserves.

The management of the Target Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Target Group will balance its overall capital structure through the payment of dividends and raising of new capital as well as the issue of new debt or the redemption of existing debt.

18. RESERVES

(a) The Target Group

The amounts of the Target Group's reserves and the movements therein are presented in the consolidated statements of changes in equity.

(b) The Target Company

	Other Reserve	Accumulated losses	Total
	US$'000	*US$'000*	*US$'000*
	Note 18(c)(i)		
Capitalisation of amount due to the Controlling Shareholder	8,203	—	8,203
At 31 December 2014 and 1 January 2015	8,203	—	8,203
Total comprehensive loss for the year	—	(1)	(1)
At 31 December 2015	8,203	(1)	8,202

(c) Nature and purpose of reserves

(i) Other reserve

As at 31 December 2014 and 2015, other reserve represented the following:

— the difference between the nominal amount of the share capital of GLI and nominal amount of the share capital of the Target Company after the completion of the Reorganisation; and

— capitalisation of amounts due to the Controlling Shareholder of approximately US$8,193,000 (Note 16).

(ii) Exchange reserve

The exchange reserve of the Target Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

19. CONTINGENT LIABILITIES

At the end of each reporting period, the Target Group and the Target Company did not have any significant contingent liabilities.

20. COMMITMENTS

Operating lease commitment

As at 31 December 2013, 2014 and 2015, the Target Group did not have any significant operating lease commitments.

Capital commitment

As at 31 December 2013, 2014 and 2015, the Target Group had outstanding capital commitments as follows:

	At 31 December		
	2013	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*
Capital expenditure contracted for but not provided for:			
— investment properties	489	467	1,290

21. RELATED PARTY TRANSACTIONS

Apart from the balances as disclosed elsewhere in the notes to the Financial Information, the Target Group did not have other material transactions and balances with related parties during the Relevant Periods.

22. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS

The Target Group's activities expose it to a variety of financial risks: including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Target Group by failing to discharge an obligation.

The Target Group's credit risk is primarily attributable to deposits and other receivables, amounts due from directors, amounts due from related companies and cash and bank balances. The Target Group's cash and bank balances are held by major financial institutions located in Hong Kong and the PRC, which the management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Carrying amounts of financial assets as at 31 December 2013, 2014 and 2015, which represented the amounts of maximum exposure to credit risk, were as follows:

	At 31 December		
	2013	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*
Deposits and other receivables	58	56	53
Amounts due from related companies	893	731	—
Cash and cash equivalents	24	25	12
	975	812	65

Liquidity risk

Liquidity risk is the risk that the Target Group will encounter difficulty in meeting obligations associated with financial liabilities. The Target Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of Target Group to meet its financial obligations.

The following tables show the remaining contractual maturities at the end of the each reporting period of the Target Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay.

	At 31 December		
	2013	**2014**	**2015**
Carrying amount	*US$'000*	*US$'000*	*US$'000*
Other payables and accruals	75	70	57
Amount due to the Controlling Shareholder	8,207	—	—
Amounts due to related companies	4,108	4,200	3,571
	12,390	4,270	3,628
Total contractual undiscounted cashflows			
Due for payment within 1 year or on demand	12,390	4,270	3,628

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Target Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

As at 31 December 2013, 2014 and 2015, the Target Group did not have significant exposures to currency risk.

Interest rate risk

The Target Group's interest rate risk arises primarily from bank balances. The Target Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Target Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

As at 31 December 2013, 2014 and 2015, the only financial instruments which were exposed to interest rate risk included bank balances of approximately US$17,000, US$15,000 and US$9,000 respectively. These bank balances were interest-earning at variable rates ranging from 0.001% to 0.35%.

If the interest rates had been increased/decreased by 25 basis points with all other variables held constant, the effect on the consolidated financial statements is considered as immaterial, and therefore no sensitivity analysis has been prepared.

Market price risk

The market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices.

The Target Group has no significant exposure to market price risk.

Commodity price risk

The Target Group has no significant exposure to commodity price risk.

Fair value estimation

The Target Group did not have any financial instruments measured at fair value on a recurring basis at the end of each reporting period.

The Target Group considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximated their fair values.

23. STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		At 31 December	
		2014	**2015**
	Note	*US$'000*	*US$'000*
NON-CURRENT ASSET			
Investments in subsidiaries	24	8,223	8,223
LESS:			
CURRENT LIABILITY			
Other payables		—	1
NET ASSETS		8,223	8,222
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	17	20	20
Reserves	18	8,203	8,202
TOTAL EQUITY		8,223	8,222

24. INVESTMENTS IN A SUBSIDIARIES

	At 31 December 2014	2015
	US$'000	*US$'000*
Unlisted shares, at cost	8,223	8,223

Details of subsidiaries comprising the Target Group

The Target Company had direct or indirect interests in the subsidiaries all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company*	Place of incorporation/ establishment and operation	Legal form of entity	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2013	2014	2015	Principal activities
GLI	BVI	Limited liability company	US$10,000/ US$10,000,000	100%	100%	100%	Investment holding
Great Harvest Realty Investment Company Limited ("GRI")	Hong Kong	Limited liability company	HK$20,000/ HK$20,000	100%	100%	100%	Investment holding
Hainan Huachu Industrial Co., Ltd* ("海南華儲實業有限公司") ("Hainan Huachu")	PRC	Sino-foreign equity Joint venture	RMB4,800,000/ RMB4,800,000	91%	91%	91%	Property investment and development

* *The English name is a translation of the Chinese name of the company for identification only as no English name has been registered.*

The subsidiaries that have statutory audited financial statements during the Relevant Periods and the name of the auditors are as follows:

Name of company	Financial years ended	Name of statutory auditor
GRI	31 March 2013, 2014 and 2015	Pinewood Certified Public Accountants (Practising) Limited

No audited financial statements were issued for GLI and Hainan Huachu for the years ended 31 December 2013, 2014 and 2015 as it was not subject to any statutory requirements under the relevant rules and regulations in its jurisdiction of incorporation.

25. NON-CONTROLLING INTERESTS

The summarised financial information of Hainan Huachu that has 9% non-controlling interests that are material to the Target Group are set out below. The summarised financial information presented below represents the amounts before any inter-company elimination.

Summarised statements of financial position

	At 31 December		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Non-current assets	59,091	61,287	62,871
Current assets	970	801	55
Current liabilities	(4,176)	(4,260)	(3,615)
Non-current liabilities	(38,178)	(39,483)	(40,498)
TOTAL EQUITY	17,707	18,345	18,813

Summarised statements of profit or loss

	Year ended 31 December		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Revenue	—	—	—
Profit before income tax	4,739	2,305	4,664
Income tax expense	(3,269)	(1,550)	(3,189)
Profit for the year	1,470	755	1,475
Profit allocated to non-controlling interests	132	68	133
Dividend paid to non-controlling interests	—	—	—

Summarised statements of cash flows

	Year ended 31 December		
	2013	**2014**	**2015**
	US$000	*US$000*	*US$000*
Net cash (used in)/generated from operating activities	(14)	161	719
Net cash used in investing activities	(361)	(283)	(298)
Net cash generated from/(used in) financing activities	392	119	(433)

26. MAJOR NON-CASH TRANSACTIONS

As disclosed in note 16, on 31 December 2014, Mr. Yan entered into an agreement with the Target Company to capitalise the amount due to Mr. Yan of approximately US$8,193,000.

27. SUBSEQUENT EVENTS

The Target Group did not have any significant events subsequent to 31 December 2015 and up to the date of this Circular.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of the companies now comprising the Target Group in respect of any period subsequent to 31 December 2015.

Yours faithfully,
PKF
Certified Public Accountants
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Business and financial review

The Target Company is a company incorporated in the BVI and its principal business is investment holding. The Target Company was established on 24 October 2014. Great Harvest Landmark and Great Harvest Realty, both being investment holding companies, are the direct and indirect wholly-owned subsidiaries of the Target Company, respectively. The PRC Company is held as to 91% indirectly by the Target Company (through Great Harvest Landmark and Great Harvest Realty) and holds the Land which is located in Hainan Province, the PRC.

The Target Group did not have any revenue during the three years ended 31 December 2013, 2014 and 2015 (the "**Relevant Periods**").

For the years ended 31 December 2014 and 2015

Revenue

The Target Group did not generate any revenue for the years ended 31 December 2014 and 2015.

Fair value gain on investment properties

The investment properties comprised a leasehold land situated in Hainan Province, the PRC, under long-term lease. For the years ended 31 December 2014 and 2015 the Land was held with an undetermined future plan thus classified as investment properties.

Investment properties are subject to valuation and stated at fair value in the financial statements of the PRC Company. The Land was revaluated at the end of years ended 31 December 2014 and 2015 by an independent property valuer. For the year ended 31 December 2015, the Target Group recorded fair value gain on investment properties of approximately US$4.67 million (2014: approximately US$2.3 million). The increase in fair value gain on investment properties reflected an increase in growth in the property market in the PRC.

General and administrative expenses

General and administrative expenses mainly comprise of entertainment expenses. The general and administrative expenses for the year ended 31 December 2015 were approximately US$8,000, which represented a significant decrease as compared to the prior year of approximately US$19,000. The decrease was mainly contributed by the decrease in staff compensation expenses.

Taxation

The Target Company and its subsidiary incorporated in the BVI are not subject to any income tax. The Target Company's subsidiary incorporated in Hong Kong did not have any income tax for the years ended 31 December 2014 and 2015 as there is no assessable profits for the years ended 31 December 2014 and 2015.

The Target Group's subsidiary in the PRC (the "**PRC subsidiary**") is subject to the Enterprise Income Tax ("EIT") at a rate of 25% on its estimated assessment profits, and subject to the PRC land appreciation tax ("LAT") which is levied at progressive rates ranging from 30% to 60% on the appreciation of properties, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction.

The Target Group's income tax expense increased from approximately US$1.55 million for the year ended 31 December 2014 to approximately US$3.19 million for the year ended 31 December 2015, mainly due to increase in deferred EIT and LAT arising from the increased fair value gains on investment properties of the PRC subsidiary.

Profit for the year

The increase in net profit for the year ended 31 December 2015 by the Target Group was principally due to the increase in fair value gain on investment properties.

For the years ended 31 December 2013 and 2014

Revenue

The Target Group did not have any revenue for the years ended 31 December 2013 and 2014.

Fair value gain on investment properties

For the year ended 31 December 2014, the Target Group recorded fair value gain on investment properties of approximately US$2.32 million representing a decrease of approximately 51.72% as compared to prior year. The decrease in fair value gain on investment properties reflected a further decline in growth of the corresponding market.

General and administrative expenses

General and administrative expenses mainly comprise of entertainment expenses and severance payment. The general and administrative expenses for the year ended 31 December 2014 were approximately US$19,000 representing a decrease of approximately 71.64% as compared to prior year. The decrease was mainly contributed by the decrease in entertainment expenses.

Taxation

The Target Company and its subsidiary incorporated in the BVI are not subject to any income tax. The Target Company's subsidiary incorporated in Hong Kong did not have any income tax for the years ended 31 December 2013 and 2014 as there is no assessable profits for the years ended 31 December 2013 and 2014.

The PRC subsidiary is subject to the EIT at a rate of 25% on its estimated assessment profits, and subject to the PRC LAT which is levied at progressive rates ranging from 30% to 60% on the appreciation of properties, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction.

The Target Group's income tax expense decreased from approximately US$3.27 million for the year ended 31 December 2013 to approximately US$1.55 million for the year ended 31 December 2014, mainly due to decrease in deferred EIT and LAT arising from the decreased fair value gains on investment properties of the PRC subsidiary.

Profit for the year

The decrease in net profit for the year ended 31 December 2014 by the Target Group was principally due to the further decrease in fair value gain on investment properties.

Liquidity and financial resources

As at 31 December 2013, 2014 and 2015, the net current liabilities of the Target Group were approximately US$11.41 million, US$3.46 million and US$3.56 million, respectively. The Target Group had current asset of approximately US$0.98 million, US$0.81 million and US$0.07 million, respectively, as at 31 December 2013, 2014 and 2015, which mainly consist of deposits, prepayments and other receivables, amount due from related companies and cash and bank balances.

The Target Group had non-current assets of approximately US$59.09 million, US$61.29 million and US$62.87 million as at 31 December 2013, 2014 and 2015 respectively, which mainly consist of investment properties amounted to approximately US$59.05 million, US$61.27 million and US$62.86 million respectively. The Target Group had non-current liabilities of deferred tax liabilities of approximately US$38.18 million, US$39.48 million and US$40.50 million, respectively, as at 31 December 2013, 2014 and 2015. As at 31 December 2013, 2014 and 2015, the Target Group has no interest-bearing bank borrowings and as at the Latest Practicable Date, there has been any loan document signed with respect to raising funds by the Target Group from financial institutions.

Financing

The Target Group had no bank borrowing as at 31 December 2013, 2014 and 2015.

Funding and treasury policy

The Target Group has adopted a prudent funding and treasury policy towards its overall business operations with an aim to minimise its financial risks. Future projects will be financed by external borrowings or capital raised by means of equity financing.

Operating lease commitment

As at 31 December 2013, 2014 and 2015, the Target Group did not have any significant operating lease commitments.

Capital commitment

As at 31 December 2013, 2014 and 2015, the Target Group had outstanding capital commitments of approximately US$0.49 million, US$0.47 million and US$1.29 million respectively.

The capital commitments at 31 December 2015 represented the contract amount of capital expenditures in relation to carrying out of land leveling in respect of the development of the Land. The Target Group intends to finance such capital expenditure either by internal financial resources available of the Target Group or through debt or equity financing.

Capital structure

The capital structure of the Target Group was mainly composed of equity only; the Target Group financed its operation from capital contributions by and borrowings from its equity holders. The net assets value before non-controlling interests of the Target Group as at 31 December 2013, 2014 and 2015 are approximately US$9.5 million, US$18.35 million, and US$18.81 million, respectively.

Capital expenditure

The Target Group invested approximately US$0.36 million, US$0.28 million and US$1.29 million in capital expenditure for the three years ended 31 December 2013, 2014 and 2015 respectively for site planning and site formate work.

Related parties transaction

As at 31 December 2015, all the amounts due from related parties have been fully repaid. The amount due to related parties as at 31 December 2015 were due to companies commonly controlled by Mr. Yan, Ms. Lam and/or Mr. Yin Hai, the controlling shareholders of the Company and/or the Target Group. The amount due to related parties mainly represent funds from related parties transferred to the Target Group for payment of development cost of the Land and operating expense of the Target Group.

Upon Completion, the Target Group will no longer rely on its related parties for future funding needs or provide funds to related parties. The outstanding balances will be fully settled by the Target Group upon obtaining of relevant financing through debt or equity financing for the development of the Land or internal financial resources available of the Target Group. The amount due to related parties are interest-free, unsecured and repayable on demand.

The amount due to related parties will constitute financial assistance received by the Group from connected person conducted on normal commercial terms or better thus are fully exempted under rule 14A.90 of the Listing Rules.

Gearing ratio

The gearing ratio of the Target Group as at 31 December 2013, 2014 and 2015, which was calculated on the basis of payables incurred not in the ordinary course of business (excluding amount due to a shareholder and related companies) divided by total equity and multiplied by 100%, was nil, nil, nil and nil as the Target Group had no outstanding interest bearing borrowings.

Significant investment, acquisition or disposal

There was no significant investment held by the Target Group save as the Land during the Relevant Periods. The Target Group had no material acquisition or disposal during the Relevant Periods.

Analysis of segment information

The Target Group operated only in one business, namely, the development of the Land. As the Target Group did not have any revenue during the Relevant Periods, no geographical segment analysis for revenue is presented.

Employee information

As at 31 December 2013, 2014 and 2015, the Target Group had 18, 10 and no employees respectively and total staff cost paid for the years ended 31 December 2013, 2014 and 2015 were approximately US$0.26 million, US$0.19 million and nil respectively. The Target Group remunerated its employees based on their performance, experience and prevailing industry practice.

For the years ended 31 December 2013, 2014 and 2015, staff cost of approximately US$0.26 million, US$0.18 million and nil respectively were capitalised in investment properties, while staff cost of approximately nil, US$0.01 million and nil respectively were charged to administrative expenses.

Future plans for material investments or capital assets

As at 31 December 2015, save as disclosed in the paragraph headed "Information of the Target Group — (ii) Information of the Land" in this circular, the Target Group had no plans for material investments or capital assets.

Interest rate exposure

The Target Group's interest rate risk arises primarily from bank balances. As at 31 December 2013, 2014 and 2015, the only financial instruments which were exposed to interest rate risk included bank balances of approximately US$17,000, US$15,000 and US$9,000 respectively.

Foreign currency risk

As at 31 December 2013, 2014 and 2015, the Target Group did not have any significant exposures to currency risk.

Contingent liabilities

At the end of each reporting period, the Target Group did not have any significant contingent liabilities.

Pledge of asset

As at 31 December 2013, 2014 and 2015, the Target Group did not have any pledge of assets.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is an illustrative and unaudited pro forma financial information of the Enlarged Group ("Unaudited Pro Forma Financial Information"), including the unaudited pro forma consolidated statement of financial position which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition as if it had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information is based on certain assumptions, estimates, uncertainties and other currently available financial information, and has been prepared by the Directors for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2015 or at any future date.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Company for the year ended 31 March 2015.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2015 has been prepared as if the Acquisition had taken place on 31 December 2015 and is based upon (i) the unaudited condensed consolidated statement of financial position of the Company as at 30 September 2015, which has been extracted from the interim report of the Company for the six months ended 30 September 2015; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 December 2015, as extracted from the Accountant's Report thereon set out in Appendix II of this circular, after making pro forma adjustments that are (i) directly attributable to the Acquisition; and (ii) factually supportable.

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

	The Group As at 30 September 2015 (Unaudited)	The Target Group As at 31 December 2015 (Audited)	Pro forma adjustments				The Enlarged Group
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
NON-CURRENT ASSETS							
Property, plant and equipment	94,987	10					94,997
Pledged bank deposits	1,750	—					1,750
Investment properties	—	62,861					62,861
Interests in subsidiaries	—	—		59,628	(59,628)		—
	96,737	62,871					159,608
CURRENT ASSETS							
Trade and other receivables	1,566	55					1,621
Pledged bank deposits	1,577	—					1,577
Cash and cash equivalents	14,110	12					14,122
	17,253	67					17,320
CURRENT LIABILITIES							
Other payables and accruals	1,471	57				231	1,759
Amounts due to related parties	—	3,571					3,571
Borrowings	6,748	—					6,748
	8,219	3,628					12,078
NET CURRENT ASSETS/ (LIABILITIES)	9,034	(3,561)					5,242
TOTAL ASSETS LESS CURRENT LIABILITIES	105,771	59,310					164,850
NON-CURRENT LIABILITIES							
Borrowings	37,772	—					37,772
Convertible bonds	3,814	—		25,405			29,219
Derivative financial instruments	287	—					287
Deferred tax liabilities	—	40,498	(11,730)				28,768
	41,873	40,498					96,046
NET ASSETS	63,898	18,812					68,804
CAPITAL AND RESERVES							
Share capital	1,174	20			(20)		1,174
Reserves	62,724	17,100	10,674	34,223	(59,608)	(231)	64,882
	63,898	17,120					66,056
Non-controlling interests	—	1,692	1,056				2,748
TOTAL EQUITY	63,898	18,812					68,804

(C) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The unaudited condensed consolidated statement of financial position of the Company as at 30 September 2015 is extracted from the interim report of the Company for the six months ended 30 September 2015.

2. The audited consolidated statement of financial position of the Target Group as at 31 December 2015 is extracted from the Appendix II to this circular.

3. According to the development plan proposed by the Company's directors for the Target Group after the Acquisition (the "**Proposed Development Plan**"), approximately 46% of the carrying amount of the investment properties (the "**46% Portion**") will be developed for leasing out for rental income purpose rather than through sale. Therefore, the presumption adopted in the preparation of the Accountant's Report of the Target Group set out in Appendix II in accordance with International Accounting Standard 12 "Income Taxes" that the 46% Portion will be recovered through sale is rebutted in the preparation of Unaudited Pro Forma Financial Information. Accordingly, the related deferred tax liabilities in relation to the effect on land appreciation tax in the People's Republic of China (the "**PRC**") arising from the accumulated fair value gain on the 46% Portion are reversed through pro forma adjustment, resulting in a decrease in deferred tax liabilities of approximately US$11,730,000.

   According to the Proposed Development Plan, the remaining approximately 54% of the carrying amount of the investment properties (the "**54% Portion**") will continue to be recovered through sale and is consistent with the presumption adopted in the preparation of Accountant's Report of the Target Group set out in Appendix II, thus, no pro forma adjustment is considered necessary.

4. Pursuant to the sale and purchase agreement entered on 23 December 2015, the total consideration of US$54,000,000 is to be satisfied by issuance of five-year zero coupon rate convertible bonds to Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai (the "**Target Group Controlling Shareholders**") with principal amount of US$54,000,000, convertible into 381,843,064 conversion shares at conversion price of HK$1.096 per conversion share (the "**Convertible Bonds**").

   For the purpose of Unaudited Pro Forma Financial Information, the fair values of liability component and equity component of the Convertible Bonds as at 31 December 2015 are approximately US$25,405,000 and US$34,223,000 respectively, which were estimated by Colliers International (Hong Kong) Limited, an independent professional valuer of the Company, using discounted cash flows method at a discount rate of 16.28%. The equity component is included in the reserve of the Company.

5. The Acquisition is considered as a business combination under common control because the Company and the Target Group are ultimately controlled by the Target Group Controlling Shareholders before and after the business combination. Accordingly, the business combination will be accounted for using the principles of merger accounting. The adjustment represents the recognition of merger reserve of approximately US$31,834,000 arising from the business combination, which represents the difference between the cost of combination of US$59,628,000 and the 91% equity attributable to the owners of Target Company amounting to US$30,542,000, which is the sum of the net assets of the Target Group as at 31 December 2015 of approximately US$18,812,000 and the pro forma adjustment on the deferred tax liabilities of the Target Group of approximately US$11,730,000 as described in Note 3 above.

6. The adjustment represents estimated Acquisition related cost of approximately US$231,000. This is a non-recurring adjustment.

(D) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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

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

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The Directors
Great Harvest Maeta Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Great Harvest Maeta Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred as to the "**Group**"), and Top Build Group Limited and its subsidiaries (the "**Target Group**") (collectively referred as to the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2015 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-4 of the Company's circular dated 15 April 2016, in connection with the proposed acquisition of the Target Group (the "**Acquisition**") by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page III-6 of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 December 2015 as if the Acquisition had taken place at 31 December 2015. As part of this process, information about the Group's financial position have been extracted by the Directors from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2015, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Reporting Accountant's Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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

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

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, 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 by the Directors 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 4.29(1) of the Listing Rules.

PKF
Certified Public Accountants
Hong Kong

15 April 2016

The following is the text of a letter, summary of value and a valuation certificate prepared for the purpose of incorporation in this circular received from Colliers International (Hong Kong) Ltd., an independent valuer, in connection with its valuation as at 29 February 2016 of the Land (as defined in this circular) to be acquired by the Group. Terms defined in this appendix applies to this appendix only.

Colliers International (Hong Kong) Ltd
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong

The Board of Directors
Great Harvest Maeta Group Holdings Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

15 April 2016

Dear Sirs,

INSTRUCTIONS, PURPOSE AND VALUATION DATE

We refer to your instructions for us to assess the Market Value of the property (the "**Property**") located in the People's Republic of China (the "**PRC**") to be acquired by Great Harvest Maeta Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**"). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 29 February 2016 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation has been undertaken on the basis of Market Value, which is defined by The Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

We have carried out Direct Comparison Approach to assess the Market Value of the Property, assuming the Property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

VALUATION STANDARDS

The valuation has been carried out in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, the RICS Valuation — Professional Standards (January 2014) incorporating the International Valuation Standards published by the Royal Institution of Chartered Surveyors, 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 International Valuation Standards published by the International Valuation Standards Council.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the Property. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group.

We have relied on the advice given by the PRC legal adviser — Commerce & Finance Law Offices, on the PRC laws, regarding the titles to the Property in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the Summary of Value and the Valuation Certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Property set out in this letter, Summary of Value and Valuation Certificate.

SOURCES OF INFORMATION

We have relied to a considerable extent on the information provided by the Group and the PRC legal adviser of the Company in respect of the titles to the Property in the PRC. We have also accepted advice given to us on matters such as statutory notices, easements, tenure, site areas, site plans and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

SITE MEASUREMENT

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

SITE INSPECTION

We have inspected the Property on 15 January 2016. We are unaware of any adverse ground conditions affecting the Property and have not had sight of a ground and soil survey. We have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We have further assumed that there is no significant pollution or contamination in the locality which may affect the construction on the Property.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, or any similar arrangements which would affect its value.

No allowances have been made in our valuation for any charges, mortgages or amounts owing neither on the Property nor for any expenses or taxes which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

This report and its conclusion provide value reference solely for the Group for the proposed acquisition of the Property and not for other purposes. The valuation report will be attached to the publications made by the Group to its shareholders.

We have made the following assumptions:

- All information on the Property provided by the Group is correct.
- No acquisition costs or disposal costs have been taken into account in the valuation.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the Property or the values reported.

Our Summary of Value and Valuation Certificate are attached hereto.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Ltd.

Vincent Cheung
Registered Professional Surveyor (GP)
BSc(Hons) MBA FRICS MHKIS
Executive Director
Valuation & Advisory Services, Asia

Note:

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

SUMMARY OF VALUE

Property to be acquired by the Group for future development in the PRC

Property	Market Value in existing state as at 29 February 2016	Interest to be attributable to the Group post-acquisition	Market Value in existing state as at 29 February 2016 to be attributable to the Group post-acquisition
	RMB		*RMB*
2 parcels of development land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC	408,000,000	91%	371,280,000
	Total:		**371,280,000**

VALUATION CERTIFICATE

Property to be acquired by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 *RMB*
2 parcels of development land located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC	The Property comprises 2 parcels of development land with a total site area of approximately 132,880.56 square metres. The land use rights of the Property were granted for a term expiring on 15 September 2065 for accommodation and food and beverage uses (Please refer to Note No. 3 below).	The Property is currently vacant.	408,000,000 (Four Hundred and Eight Million) 91% interest to be attributable to the Group post-acquisition: 371,280,000 (Three Hundred and Seventy One Million Two Hundred and Eighty Thousand)

Notes:

1. The Property is inspected by Mr. Simon Lee on 15 January 2016. Simon has over 4 years' experience in real estate valuations.

2. The valuation of the Property was prepared by Mr. Kit Cheung *MHKIS MRICS RPS(GP)* under the supervision of Mr. Vincent Cheung *MHKIS FRICS RPS(GP)*.

3. Pursuant to 2 State-owned Land Use Rights Certificates issued by the People's Government of Haikou, the land use rights of the Property with a total site area of approximately 132,880.56 square metres were granted to Hainan Huachu Industrial Co., Ltd. ("Hainan Huachu") for a term expiring on 15 September 2065 for accommodation and food and beverage uses.

   The details of the State-owned Land Use Rights Certificates are listed as follows:

Certificate No. (Hai Kou Shi Guo Yong)	Date of Issue	Land Use Rights Expiry Date	Grantee	Site Area (sq.m.)
(2009) Di No. 011074	11 Nov 2011	15 Sep 2065	Hainan Huachu	63,947.29
(2009) Di No. 011075	11 Nov 2011	15 Sep 2065	Hainan Huachu	68,933.27
			Total:	**132,880.56**

4. The locational description and market information of the Property are summarized as below:

Location	:	The Property is located at Meidian Slope, Hongqi Town, Qiongshan District, Haikou, Hainan Province, the PRC.
Transportation	:	The Haikou Meilan International Airport and the Haikou East Railway Station are located approximately 20 kilometres and 15 kilometres away from the Property respectively.
Nature of Surrounding Area	:	The subject area is a predominately rural area in Haikou.
Comparables	:	In the course of our valuation of the Property, we have collected and analysed relevant land sale comparables in Haikou. The adopted comparables were transacted at accommodation values ranging from RMB2,237 to RMB5,717 per square meter. Due adjustments, in terms of time, location and other relevant factors, have been made to the accommodation values of the adopted comparables in arriving at the accommodation values adopted for our valuation.

5. We have been provided with a legal opinion regarding the legality of the Property by the Group's PRC legal adviser, which contains, inter alia, the following:

(a) The procedures of obtaining the land use rights of the Property by Hainan Huachu complied with statutory and local regulations;

(b) Hainan Huachu can legally occupy, use, transfer, lease, mortgage or by other means handle the land use rights of the Property; and

(c) According to the Letter regarding the Hongqi Central Town Construction Project (Phase 1), Qiong Shan Zhu Jian Han [2013] No. 303, issued by the Housing and Urban and Rural Construction Bureau of Qiongshan District, Haikou to the State-owned Land Resources Bureau of Haikou, the Property is within the zone of Residential (Class 2), which is subject to a maximum plot ratio and a maximum development density of 1.0 and 20% respectively.

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

Authorised and issued share capital of the Company as at the Latest Practicable Date:

		HK$
Authorised:		
2,000,000,000 Shares		20,000,000.00
		HK$
Issued and fully paid:		
916,050,000 Shares		9,160,500.00

Authorised and issued share capital of the Company upon full conversion of the Convertible Bonds:

		HK$
Authorised:		
2,000,000,000 Shares		20,000,000.00
		HK$
Issued and fully paid:		
916,050,000 Shares	Shares in issue as at the Latest Practicable Date	9,160,500.00
381,843,064	Conversion Shares to be issued upon full conversion of the Convertible Bonds	3,818,430.64
1,297,893,064	Shares in total	12,978,930.64

There will be no change in the issued share capital of the Company immediately after Completion as the Consideration will be settled by way of issuance of Convertible Bonds and Conversion Shares will only be issued upon the holders of the Convertible Bonds exercising their conversion rights pursuant to the terms and conditions of the Convertible Bonds.

3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Interests in Shares, underlying Shares and debentures of the Company:

Name of Director	**Capacity and nature of interest**	**Number of Shares** *(Note 1)*	**Number of underlying Shares** *(Note 1)*	**Approximate percentage of interest (%)** *(Note 10)*
Mr. Yan	Interest of controlled corporation *(Note 2)*	616,322,500 (L)	—	67.28
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.23
	Family interest *(Note 3)*	—	2,100,000 (L)	0.23
	Interest of controlled corporation *(Note 4)*	—	19,763,513 (L)	2.16
	Beneficial owner and family interest *(Note 9)*	—	305,474,451 (L)	33.35
Ms. Lam	Interest of controlled corporation *(Note 2)*	616,322,500 (L)	—	67.28
	Beneficial owner *(Note 3)*	—	2,100,000 (L)	0.23
	Family interest *(Note 3)*	—	2,100,000 (L)	0.23
	Interest of controlled corporation *(Note 4)*	—	19,763,513 (L)	2.16
	Beneficial owner and family interest *(Note 9)*	—	305,474,451 (L)	33.35
Mr. Cao Jiancheng	Beneficial owner *(Note 5)*	500,000 (L)	7,800,000 (L)	0.91
Mr. Cheung Kwan Hung	Beneficial owner *(Note 6)*	—	800,000 (L)	0.09
Dr. Chan Chung Bun, Bunny	Beneficial owner *(Note 7)*	—	800,000 (L)	0.09
Mr. Wai Kwok Hung	Beneficial owner *(Note 8)*	100,000 (L)	300,000 (L)	0.04

Notes:

1. The letter "L" denotes the long position in the Shares and underlying Shares of the Company.

2. These 616,322,500 Shares were held by Ablaze Rich, the entire issued share capital of which was owned as to 51% by Mr. Yan and 49% by Ms. Lam, who were also directors of Ablaze Rich. Each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares held by Ablaze Rich by virtue of the SFO.

3. On 21 October 2011, each of Mr. Yan and Ms. Lam was granted share options of the Company in respect of 2,100,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at the Latest Practicable Date. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in such number of Shares beneficially held by each other by virtue of the SFO.

4. These 19,763,513 Shares represented the conversion shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US$3,000,000, at a conversion price of HK$1.184 per conversion share, at the exchange rate of HK$7.8 to US$1.0. The First Convertible Bonds were issued by the Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at the Latest Practicable Date. Pursuant to the subscription agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the subscription of the First Convertible Bonds, Ablaze Rich would only convert the Convertible Bonds in a manner that would not cause the Company to be in breach of the public float requirement of the Shares under Rule 8.08 of the Listing Rules. As the entire issued share capital of Ablaze Rich was owned as to 51% by Mr. Yan and 49% by Ms. Lam, each of Mr. Yan and Ms. Lam was deemed to be interested in these 19,763,513 Shares by virtue of the SFO.

5. On 21 October 2011 and 30 April 2015, Mr. Cao Jiancheng was granted share options of the Company in respect of 6,000,000 Shares and 2,300,000 Shares respectively pursuant to the Share Option Scheme. 7,800,000 share options remained outstanding as at the Latest Practicable Date.

6. On 30 April 2015, Mr. Cheung Kwan Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at the Latest Practicable Date.

7. On 30 April 2015, Dr. Chan Chung Bun, Bunny was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. All these share options remained outstanding as at the Latest Practicable Date.

8. On 30 April 2015, Mr. Wai Kwok Hung was granted share options of the Company in respect of 800,000 Shares pursuant to the Share Option Scheme. 300,000 share options remained outstanding as at the Latest Practicable Date.

9. These 305,474,451 Shares represented the total number of Conversion Shares which may be allotted and issued to Mr. Yan and Ms. Lam upon the exercise of the conversion rights attaching to the Convertible Bonds in the total principal amount of US$43,200,000 at the initial Conversion Price of HK$1.096 per Conversion Share and the exchange rate of HK$7.75 to US$1.00. The issue of the Convertible Bonds is subject to (among other matters) approval by the Independent Shareholders at the EGM. The exercise of conversion rights attaching to the Convertible Bonds is subject to the terms and conditions thereof, including the restriction against conversion which would cause the Company to be in breach of the minimum public float requirement under the Listing Rules. As they have a spousal relationship, each of Mr. Yan and Ms. Lam was deemed to be interested in the Shares beneficially held by each other by virtue of the SFO.

10. The percentage is calculated on the basis of 916,050,000 Shares in issue as at the Latest Practicable Date.

Interests in shares and underlying shares of associated corporation:

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares *(Note)*	Approximate percentage of interest (%)
Mr. Yan	Ablaze Rich	Beneficial owner	10,200 (L)	51.00
Ms. Lam	Ablaze Rich	Beneficial owner	9,800 (L)	49.00

Note: The letter "L" denotes the person's long position in the shares and underlying shares of the associated corporation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WITH INTERESTS IN THE COMPANY WHICH ARE DISCLOSEABLE UNDER SECTION 336 OF PART XV OF THE SFO

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have an interest or 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 were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Interests in Shares and underlying Shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of Shares *(Note 1)*	Number of underlying Shares *(Note 1)*	Approximate percentage of interest (%) *(Note 3)*
Ablaze Rich	Beneficial owner	616,322,500 (L)	—	67.28
	Beneficial owner *(Note 2)*	—	19,763,513 (L)	2.16
廣州匯垠發展投資合伙企業 (for identification only, Guangzhou Huiyin Development Investment Partnership Enterprise)	Investment manager	91,000,000 (L)	—	9.93

Notes:

1. The letter "L" denotes the long position in the Shares and underlying Shares of the Company.

2. These 19,763,513 Shares represented the conversion shares which may be allotted and issued to Ablaze Rich upon the exercise of the conversion rights attached to the First Convertible Bonds in the principal amount of US$3,000,000, at a conversion price of HK$1.184 per conversion share, at the exchange rate of HK$7.8 to US$1.0. The First Convertible Bonds were issued by the Company and subscribed by Ablaze Rich on 2 September 2013. Ablaze Rich had not yet exercised the conversion rights attached to the First Convertible Bonds as at the Latest Practicable Date. Pursuant to the subscription agreement dated 5 July 2013 and entered into between the Company and Ablaze Rich in respect of the subscription of the First Convertible Bonds, Ablaze Rich would only convert the Convertible Bonds in a manner that would not cause the Company to be in breach of the public float requirement of the Shares under Rule 8.08 of the Listing Rules.

3. The percentage is calculated on the basis of 916,050,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, there was no other person (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

The Company does not intend to propose any change to the members of the Board upon completion of the Acquisition. Save for Mr. Yan and Ms. Lam, who were the directors of Ablaze Rich, none of the Directors was a director or employee of Ablaze Rich or Guangzhou Huiyin Development Investment Partnership Enterprise as at the Latest Practicable Date.

5. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group that would have a material adverse effect on the Enlarged Group's results of operations or financial condition.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Enlarged Group which was not determinable by the relevant member of the Enlarged Group within one year without payment of compensation other than statutory compensation.

7. DIRECTORS' INTEREST IN ASSETS

Mr. Yan and Ms. Lam, two of the executive Directors, were interested in the following asset which have been leased by the Enlarged Group since 31 March 2015, being the date to which the latest published audited financial information of the Company was made up:

(a) the lease by Toprich (Asia) Limited ("Toprich") (a company which is ultimately wholly-owned by them) to the Group for the use of the office premises (the "Office Premises") at 12th Floor, 200 Gloucester Road, Wanchai, Hong Kong for a term of two years from 1 April 2014 to 31 March 2016 (both dates inclusive) at a monthly rental of HK$217,208 (exclusive of Government rates and management fee but inclusive of electricity, water and air-conditioning), with an option to renew for a further term of two years from 1 April 2016 to 31 March 2018 (both dates inclusive) at the market rent, pursuant to a lease agreement entered into between the Company and Toprich dated 28 March 2014.

(b) the lease by Toprich to the Group for the use of the Office Premises for a term of two years from 1 April 2016 to 31 March 2018 (both dates inclusive) at a monthly rental of HK$217,208 (exclusive of the Government rates and management fee but inclusive of electricity, water and air-conditioning), with an option to renew for a further term of two years from 1 April 2018 to 31 March 2020 (both dates inclusive) at the market rent, pursuant to a lease agreement entered into between the Company and Toprich dated 30 March 2016.

Save as disclosed above, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2015, being the date to which the latest published audited financial information of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, save for (i) the Sale and Purchase Agreement; (ii) the amounts due by the Target Group to companies controlled by Mr. Yan, Ms. Lam and/or Mr. Yin Hai in the total amount of approximately US$3.6 million which were interest-free, unsecured and repayable upon demand (see the paragraph headed "2. Management discussion and analysis on the Target Group — "Related parties transaction" in Appendix II to this circular for further information); and (iii) the lease agreement as set out in item (a) and (b) of the paragraph headed "7. Directors' interest in assets" in this appendix, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Enlarged Group as a whole.

9. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) has (i) any business or interest which competes or may compete with the business of the Group and (ii) any other conflict of interest which any such person has or may have with the Group.

10. COMPANY SECRETARY

The company secretary of the Company is Mr. Lau Ying Kit. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.

11. MATERIAL CONTRACTS

Saved as disclosed below, no other contract (not being contracts in the ordinary course of business) had been entered into by any member of the Enlarged Group within two years immediately preceding the issue of this circular which are or may be material:

(a) the memorandum of agreement dated 20 May 2014 entered into between United Edge Holdings Limited (being a wholly-owned subsidiary of the Company) as buyer and New Sea Star Steamships (Hong Kong) Co., Limited as seller for the sale and purchase of "Sea Star" (currently known as "GH Harmony"), a dry bulk vessel built in 2010 with a carrying capacity of about 93,315 dwt at a consideration of approximately US$22.8 million, which constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 22 May 2014;

(b) the memorandum of agreement dated 11 August 2014 and entered into between Great Ocean Shipping Limited (being a wholly-owned subsidiary of the Company) as seller, Venus Shipping Inc. as buyer and Wirana Shipping Corporation as buyer's guarantor for the sale and purchase of "GH Resources", a dry bulk vessel built in 1990 with a carrying capacity of about 123,503 dwt at a consideration of approximately US$7.00 million, which constituted a major transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 11 August 2014 and the Company's circular dated 19 September 2014;

(c) the memorandum of agreement dated 14 April 2015 and entered into between Prosperity Plus Enterprises Limited (being a wholly-owned subsidiary of the Company) as seller, Hai Yuan Shipping Limited as buyer and Dia Yuan International Shipping Co., Limited as buyer's guarantor for the sale and purchase of "GH Prosperity", a dry bulk vessel built in 1997 with a carrying capacity of approximately 70,257 dwt at a consideration of approximately US$3.69 million;

(d) the placing agreement dated 9 June 2015 entered into between the Company as issuer and CNI Securities Group Limited as placing agent in relation to the placing of 83,000,000 new Shares at the placing price of HK$1.982 per Share to not less than six placees, details of which are set out in the Company's announcements dated 9 June 2015 and 23 June 2015;

(e) the Sale and Purchase Agreement; and

(f) the Supplemental Agreement.

12. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have been named in this circular or have given their respective opinion or advice contained in this circular:

Name	Qualification
PKF Hong Kong	Certified public accountants
VBG Capital Limited	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Colliers International (Hong Kong) Ltd.	Independent valuer
Commerce & Finance Law Offices	Legal adviser to the Company as to PRC laws

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 letter, report and/or opinion as set out in this circular and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Enlarged Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any members of the Enlarged Group since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

13. MISCELLANEOUS

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

(b) The head office and principal place of business of the Company is at 12th Floor, 200 Gloucester Road, Wanchai, Hong Kong.

(c) The principal share registrar and transfer office in the Cayman Islands of the Company is Codan Trust Company (Cayman) Limited situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(d) The Hong Kong share registrar and transfer office of the Company is Tricor Investor Services Limited situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) In the event of inconsistency, the English version of this circular shall prevail over its Chinese version.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) at the headquarters and principal place of business of the Company in Hong Kong at 12th Floor, 200 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

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

(b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 39 to 40 of this circular;

(c) the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, the text of which is set out on pages 41 to 58 of this circular;

(d) the material contracts referred to in the section headed "11. Material Contracts" in this appendix;

(e) the written consents referred to in the section headed "12. Experts and Consents" in this appendix;

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

(g) the report on unaudited pro forma combined statement of assets and liabilities of the Enlarged Group, the text of which is set out in appendix III to this circular;

(h) the property valuation report from Colliers, the text of which is set out in appendix IV to this circular;

(i) the legal opinion and the supplemental legal opinion issued by the PRC legal adviser of the Company in respect of the Acquisition and the PRC Company;

(j) the annual reports of the Company for the three financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 respectively;

(k) the interim report of the Company for the six months ended 30 September 2015; and

(l) this circular.

Great Harvest Maeta Group Holdings Limited
榮 豐 聯 合 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3683)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Great Harvest Maeta Group Holdings Limited (the "**Company**") will be held at Room 2702, 27th Floor, 200 Gloucester Road, Wanchai, Hong Kong, at 10:30 a.m. on Tuesday, 3 May 2016 to consider and, if thought fit, pass the following resolution as ordinary resolution (with or without modification):

1. "**THAT**:

   (a) the agreement (the "**Sale and Purchase Agreement**") dated 23 December 2015 (as amended by a supplemental agreement dated 31 March 2016 (the "**Supplemental Agreement**") entered into between the Company as purchaser and Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Yin Hai (collectively, the "**Vendors**") as vendors in relation to the acquisition of the entire issued share capital of Top Build Group Ltd. by the Company from the Vendors for a total consideration of US$54,000,000 (the "**Acquisition**") (as defined and more particularly described in the Company's circular dated 15 April 2016 (the "**Circular**") and a copy of the Sale and Purchase Agreement, the Supplemental Agreement and the Circular have been produced to the meeting and marked "A", "B" and "C" respectively, and initialed by the Chairman of the meeting for the purpose of identification), including the issue of the convertible bonds in the total principal amount of US$54,000,000 (the "**Convertible Bonds**") to the Vendors, which may be converted into 381,843,064 ordinary shares of HK$0.01 each in the share capital of the Company (the "**Conversion Share(s)**") at the initial conversion price of HK$1.096 per Conversion Share (subject to adjustments), and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) the directors of the Company (the "**Directors**") be and are hereby authorised to issue the Convertible Bonds in accordance with the terms and conditions of the Sale and Purchase Agreement;

(c) the Directors be and are hereby granted a specific mandate to allot and issue such number of Conversion Shares upon exercise of the conversion right attaching to the Convertible Bonds, credited as fully paid, to holder of the Convertible Bonds in accordance with the terms and conditions of the Sale and Purchase Agreement and the Convertible Bonds; and

(d) the Directors be and are hereby authorised to take any step and execute whether under Common Seal of the Company or otherwise all such acts, matters, deeds, documents and to do all such acts or things as they may consider necessary, appropriate, desirable or expedient in connection with:

(i) the Sale and Purchase Agreement, the Supplemental Agreement, the Acquisition, the Convertible Bonds and all other transactions contemplated thereunder, and the closing and implementation thereof;

(ii) securing the fulfilment of the conditions precedent of completion of the Acquisition; and

(iii) the approval of any amendments or variations to the Sale and Purchase Agreement, the Supplemental Agreement and the Convertible Bonds or the granting of waivers of any matters contemplated thereby that are, in the directors' opinion, not fundamental to the transactions contemplated thereby and are in the best interests of the Company, including without limitation the signing (under the Common Seal of the Company where required or expedient) of any supplemental or ancillary agreements and instruments and the giving of any undertakings and confirmations for any such purposes."

For and on behalf of the Board
Great Harvest Maeta Group Holdings Limited
Yan Kim Po
Chairman

Hong Kong, 15 April 2016

Head office and principal place of business in Hong Kong:
12th Floor
200 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he is the holder of two or more shares (the "**Shares**") of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, whether in person or by proxy, then one of the said persons so present whose name stands first on the register in respect of such Shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof.

4. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy will be deemed to be revoked.

5. This notice has been printed in English and Chinese. In the event of any inconsistency, the English text of this notice shall prevail over its Chinese text.

As at the date of this announcement, the executive Directors are Mr. Yan Kim Po, Ms. Lam Kwan and Mr. Cao Jiancheng; and the independent non-executive Directors are Mr. Cheung Kwan Hung, Dr. Chan Chung Bun, Bunny and Mr. Wai Kwok Hung.