THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

CARNIVAL GROUP
INTERNATIONAL

Carnival Group International Holdings Limited

嘉 年 華 國 際 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00996)

(1) MAJOR TRANSACTIONS RELATING TO SHARE PURCHASE AND SUBSCRIPTION AGREEMENT AND ISSUE OF EXCHANGEABLE AND CONVERTIBLE BONDS; AND (2) ISSUE OF SHARES UPON CONVERSION OF THE EXCHANGEABLE AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Financial Adviser

齊魯國際
QILU INTERNATIONAL

30 June 2015

CONTENTS

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

"2016 CN"	the convertible notes in the principal amount of HK$200,000,000 due 2016 issued by the Company to Better Joint Venture Limited
"Acquisition"	the Share Purchase and Subscription pursuant to the Agreement
"Agreement"	the Share Purchase and Subscription Agreement entered into among the Company, the Sellers and the Target Company on 6 June 2015 in relation to the Share Purchase and the Subscription
"Announcements"	the announcements of the Company dated 7 June 2015 and 30 June 2015 in relation to, among other things, the Acquisition
"associates"	has the meaning ascribed to it under the Listing Rules
"BFT"	BFT Acquisition Guernsey L.P. Inc., a limited partnership registered in Guernsey
"BFT Consideration"	the consideration of HK$240,740,000 for the sale and purchase of the BFT Sale Shares pursuant to the Agreement
"BFT Sale Shares"	14,250,095,000 NRML Shares, representing approximately 94.9999% of the issued share capital of the Target Company to be sold by BFT to the Company pursuant to the Agreement
"Board"	the board of Directors
"Bonds"	the exchangeable and convertible bonds issued by the Company on 17 June 2015 in the aggregate principal amount of HK$240,740,000 due in favour of BFT as the BFT Consideration
"Business Days"	a day (excluding a Saturday) on which banks are generally open for a full range of business in Hong Kong
"BVI"	British Virgin Islands

"Change of Control"	occurs when either: (a) Mr. King ceases to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of the Company or power to control the composition of a majority of the board of directors of the Company; or (b) the Company consolidates with or merges with or into or sells or transfers or licenses a majority of the Company's assets (on a consolidated basis) to any other person, unless the consolidation, merger, sale or transfer will not result in such other person(s) acquiring control over the Company or the successor entity being merged with or transferred all or substantially all of the Company's assets
"Change of Control of the Target Company"	means any of the following transactions (or series of related transactions): (a) any transaction or series of related transactions resulting in (i) the Company holding directly or indirectly in the aggregate less than fifty percent (50%) of (x) the share capital of the Target Company or (y) the aggregate voting power of the entire outstanding share capital of the Target Company, in each case on a fully-diluted basis; or (ii) the Company ceasing to control the composition of a majority of the board of directors of the Target Company; (b) any sale, lease, license, exchange, transfer or other disposition of a majority of all assets of the Target Company on a consolidated basis; or (c) an exclusive licensing of all or substantially all of the intellectual property of the Target Company or any of its subsidiaries to any third party without the consent of the directors of the Target Company appointed by BFT
"Company"	Carnival Group International Holdings Limited (嘉年華國際控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 00996)
"Closing"	the closing of the Acquisition, which took place on 17 June 2015

"Closing Date"	17 June 2015, being the date on which Closing took place pursuant to the Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Conversion Period"	the period commencing from the thirtieth (30th) month of the date of issuance of the Bonds and ending on the close of business of the day which falls on the third anniversary of the date of issuance of the Bonds
"Conversion Price"	HK$1.55 per Conversion Share, subject to adjustment as set out and in accordance with the terms and conditions of the Bonds
"Conversion Rights"	the conversion rights attaching to the Bonds for the bondholders to convert the principal amount outstanding under the Bonds into Conversion Shares subject to the terms and conditions of the Bonds and the granting of the Listing Approval
"Conversion Shares"	the maximum of 155,316,129 new Shares to be issued and allotted by the Company upon full exercise of the Conversion Rights at the Conversion Price pursuant to the Bonds, assuming that the Exchange Rights are not exercised
"Deposit Amount"	USD3,300,000
"Directors"	directors of the Company
"Enlarged Group"	the enlarged group of companies of the Company immediately after Closing, which include the Group and the Target Group
"Exchange Period"	the period commencing from the thirtieth (30th) month of the date of issuance of the Bonds and ending on the close of business of the day which falls on the third anniversary of the date of issuance of the Bonds
"Exchange Rights"	the exchangeable rights attaching to the Bonds for the bondholders to exchange the principal amount outstanding under the Bonds into NRML Exchangeable Shares subject to the terms and conditions of the Bonds
"Expert"	means an independent bank of international repute (acting as an expert), selected by the Company and approved in writing by the bondholders (which approval shall not be unreasonably withheld or delayed). If the Company fails to select an expert when required by the conditions to the Bonds, the bondholders may at their absolute discretion select the expert

"Fundamental Corporate Transaction"	(a) a merger, consolidation or amalgamation of the Company with or into another person; or (b) a sale, lease, license, exchange, transfer or other disposition of a majority of assets of the Company on a consolidated basis, and in each case, resulting in a Change of Control
"Fundamental NRML Corporate Transaction"	a Qualified IPO or a Change of Control of the Target Company
"Grace Investment"	Grace Investment Limited, a company incorporated in the BVI with limited liability
"Grace Investment Consideration"	the consideration of HK$12,670,000 for the sale and purchase of the Grace Investment Sale Shares pursuant to the Agreement
"Grace Investment Sale Shares"	750,005,000 NRML Shares
"Group"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	an independent third party who is not a "connected person" as defined in the Listing Rules
"Latest Practicable Date"	26 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contain in this circular
"Listing Approval"	the approval for the listing of, and permission to deal in, the Conversion Shares
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the 90th day following the date of the Agreement, or such other date as BFT and the Company may agree
"Minority Shareholder"	the shareholder of 1,000 shares of the Target Company, being an Independent Third Party
"Mr. King"	Mr. King Pak Fu, a substantial shareholder, Chairman and an executive Director of the Company

"NRML Exchangeable Shares"	the maximum of 14,250,095,000 NRML Shares to be transferred by the Target Company upon full exercise of the exchangeable right attaching to the Bonds in the aggregate amount of HK$240,740,000 pursuant to the Agreement, assuming that the Conversion Rights are not exercised
"NRML Equity Securities"	equity securities in the Target Company or securities convertible into, exchangeable or exercisable for, or carrying a right of subscription in respect of, equity securities in the Target Company
"NRML Share(s)"	ordinary share(s) of par value of US$0.001 in the issued share capital of the Target Company
"Party"	a party to the Agreement
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"Qualified IPO"	subject to the market capitalization of the Target Company reaching a certain threshold as prescribed in the Agreement, a firm underwritten public offering of the NRML Shares on the New York Stock Exchange, Nasdaq Global Market System, the Main Board or the Growth Enterprise Market of the Stock Exchange, or any other recognized international securities exchange acceptable to BFT
"Relevant Event"	occurs when (a) the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange, or if the Shares are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in; or (b) when there is a Change of Control
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	collectively the BFT Sale Shares and Grace Investment Sale Shares
"Sellers"	Grace Investment and BFT (which, together with the Minority Shareholder, being the ultimate beneficial owners of the Target Company)
"SGM"	the special general meeting of the Company to be convened to consider, and if thought fit, to approve the Specific Mandate

"Share Consideration"	HK$253,410,000 being the aggregate consideration for the Share Purchase
"Share Purchase"	the acquisition by the Company of the BFT Sale Shares from BFT and the Grace Investment Sale Shares from Grace Investment pursuant to the Agreement
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Approval"	the written approval obtained from the Company's closely allied group of Shareholders, as further described in the section headed "Implications under the Listing Rules" of this circular
"Share(s)"	ordinary share(s) of HK$0.20 each in the share capital of the Company
"Specific Mandate"	the specific mandate for the allotment and issue of the Conversion Shares and any additional Shares issuable upon adjustments pursuant to the terms of the Bonds to be granted to the Directors by the Shareholders at the SGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription for the Subscription Shares by the Company pursuant to the Agreement
"Subscription Consideration"	the aggregate consideration for the Subscription
"Subscription Price"	the share subscription price of approximately US$0.0022 per Subscription Share
"Subscription Shares"	15,612,350,020 new ordinary shares of the Target Company with par value of US$0.001 each subscribed by the Company at Closing pursuant to the Agreement
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"Target Board"	the board of directors of the Target Company post-Closing
"Target Company"	Nice Race Management Limited, a company incorporated under the laws of the BVI

"Target Group"	collectively, the Target Company and its subsidiaries, and each a "Target Group Company"
"Transaction Matters Requiring Approval"	collectively, (i) the Acquisition; (ii) the issue of the Bonds by the Company to BFT; (iii) the grant of the Exchange Rights by the Company to BFT; and (iv) the transfer of the NRML Exchangeable Shares by the Company to BFT upon exercise of the Exchange Rights by BFT, and the transactions contemplated thereunder
"US$" or "USD"	the lawful currency of the United States
"%"	per cent.

**For reference purposes only, the Chinese names of the PRC entities, authorities or facilities have been translated into English in this circular for information purpose only. If there is any inconsistency between the Chinese name and the English translation, the Chinese version shall prevail.*

Any reference to a time of day and date shall be a reference to Hong Kong time and date unless otherwise stated. Any discrepancies in table included in this circular between the amounts listed and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this circular may not be an arithmetic aggregation of the figures that precede them.

For the purpose of this Circular and for illustration purposes only, amounts denominated in USD have been converted into HKD using the exchange rate of USD1 = HKD7.7577 and amounts denominated in RMB have been converted into HKD using the exchange rate of RMB0.7913 = HKD1. No representation is made that nay amount in HKD or RMB or USD could have been or could be converted at such rate or any other rates at all.

Carnival Group International Holdings Limited
嘉年華國際控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00996)

Directors:
Executive Directors:
Mr. King Pak Fu *(Chairman)*
Mr. Leung Wing Cheong Eric *(Chief Executive Officer)*
Mr. Gong Xiao Cheng

Independent non-executive Directors:
Mr. Chan Wai Cheung Admiral
Mr. Lie Chi Wing
Ms. Hu Gin Ing

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Suites 2003 & 2005, 20/F
AIA Central
1 Connaught Road Central
Hong Kong

30 June 2015

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTIONS RELATING TO SHARE PURCHASE AND SUBSCRIPTION AGREEMENT AND ISSUE OF EXCHANGEABLE AND CONVERTIBLE BONDS; AND (2) ISSUE OF SHARES UPON CONVERSION OF THE EXCHANGEABLE AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Announcements.

On 6 June 2015, the Company as purchaser and subscriber entered into the Agreement with the Sellers and the Target Company, pursuant to which (i) BFT and Grace Investment as sellers agreed to sell and the Company as purchaser agreed to purchase the Sale Shares, representing approximately 99.9999% of the issued share capital of the Target Company immediately after the Closing, at an aggregate Share Consideration of HK$253,410,000; and (ii) the Company has agreed to subscribe for, and the Target Company has agreed to issue and allot, the Subscription Shares, for an aggregate Subscription Consideration of US$33,997,000 (equivalent to approximately HK$263,739,000). Closing of both the Share Purchase and the Subscription took place on the Closing Date. The Company is issued shares with approximately 99.9999% of the Target Company.

As payment of the BFT Consideration in respect of the sale and purchase of the BFT Sale Shares, the Company has issued the Bonds in the principal amount of HK$240,740,000 in favour of BFT on the Closing Date. The bondholders are entitled to: (a) convert all or part of the Bonds held by it into the Shares (i) at any time during the Conversion Period, or (ii) upon the consummation of a Fundamental Corporate Transaction during the term of the Bonds; and/or (b) exchange all or part of the Bonds held by it into the NRML Shares (i) at any time during the Exchange Period or (ii) upon the consummation of a Fundamental NRML Corporate Transaction during the term of the Bonds. The Conversion Shares and any additional Shares issuable upon adjustments pursuant to the terms and conditions of the Bonds will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM. The Company will ensure that no Conversion Shares will be issued unless the minimum public float requirement will be satisfied.

The Company has obtained written approvals from Better Joint Venture Limited, Elite Mile Investments Limited and Glory Merit International Holdings Limited, holding 6,125,279,787 Shares, 2,031,482,970 Shares and 1,486,988,846 Shares respectively as at the date of the written approvals, representing an aggregate of approximately 70.0% of the issued share capital of the Company for the approval of the Transaction Matters Requiring Approval (including without limitation, the exercise of the Exchange Rights). The said Better Joint Venture Limited and Elite Mile Investments Limited are wholly-owned by Mr. King. Glory Merit International Holdings Limited is also held as to 99% of the entire issued share by Mr. King. As such, no general meeting will be convened by the Company to approve the Transaction Matters Requiring Approval.

The SGM will be convened for the Shareholders to consider, and if thought fit, to approve the ordinary resolution for the grant of the Specific Mandate. A notice of the SGM will be given to the Shareholders after the date of the SGM is confirmed in compliance with all relevant requirements under the Listing Rules and the memorandum of association and bye-laws of the Company.

The purpose of this circular is to provide you with, among other things, further information on the Acquisition and the Specific Mandate.

A. THE SHARE PURCHASE AND SUBSCRIPTION AGREEMENT

Date

6 June 2015

Parties

(1) The Company as purchaser of the Sale Shares and subscriber for the Subscription Shares and as issuer of the Bonds

(2) Nice Race Management Limited as the target company and the issuer of the Subscription Shares

(3) Grace Investment Limited and BFT Acquisition Guernsey L.P. Inc collectively as sellers of the Sale Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Target Company, the Sellers and their respective ultimate beneficial owners are Independent Third Parties.

1. The Share Purchase

Sale Shares

Collectively (a) Grace Investment Sale Shares and (b) BFT Sale Shares. The Sale Shares represented (i) approximately 99.9999% of the issued share capital of the Target Company immediately before Closing and (ii) approximately 49% of the issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares, as at the Latest Practicable Date. The NRML Exchangeable Shares upon full exercise of the Exchange Rights attaching to the Bonds, on the assumption that the Exchange Rights shall be exercised in full and that there are no other changes to the shareholding structure and the issued share capital of the Target Company, will represent approximately 46.55% of the issued share capital of the Target Company.

Share Consideration and Payment Terms

The aggregate Share Consideration is HK$253,410,000 which has been satisfied by the Company to the Sellers in the following manner at Closing:

(i) a sum of HK$12,670,000 was paid in cash by the Company to Grace Investment to settle the Grace Investment Consideration; and

(ii) the Bonds in the principal amount of HK$240,740,000 has been issued by the Company in favour of BFT to settle the BFT Consideration.

The Share Consideration was arrived at after arm's length negotiation between the Company and the respective Sellers on normal commercial terms with reference to the Sellers' current and expected loss-making conditions in the forthcoming years of the Target Company and their need of cash resources and the level of internal cash resources of the Group to pay for the Share Consideration and Subscription Consideration.

The Directors consider that the Share Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole. The BFT Consideration shall be funded by the issuance of the Bonds by the Company in favour of BFT. The Grace Investment Consideration has been funded by internal resources of the Company.

2. The Subscription

Subscription Shares

A total of 15,612,350,020 Subscription Shares at the Subscription Price of approximately US$0.0022 (equivalent to approximately HK$0.0171) per Subscription Share, representing approximately 51% of the issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares immediately after Closing and as at the Latest Practicable Date. The issued share capital of the Target Company was US$15,000,101 (equivalent to approximately HK$116,366,000) before Closing, and is increased to US$30,612,451 (equivalent to approximately HK$237,482,000) by the allotment and issue of the Subscription Shares immediately after Closing.

Subscription Consideration

The Subscription Consideration of US$33,997,000 (equivalent to approximately HK$263,739,000) will be paid by the Company to the Target Company in the following manner:

(i) a cash deposit in an amount equal to the Deposit Amount has been paid by the Company to the Target Company at the date of the Agreement; and

(ii) at Closing, the Company was required to pay an amount equal to the Subscription Consideration less the Deposit Amount (the "**Balance**") to the Target Company in cash. Pursuant to a deed of undertaking entered into by, among others, the Seller and the Company on the Closing Date ("**Deed of Undertaking**"), the Balance will be paid into the bank account of the Target Company ("**Target Company Account**") after the authorised signatories of the Target Company Account have been changed to those nominated by the Company. The Company has undertaken to effect the change of the authorised signatories of the Target Company Account within 15 Business Days after the Closing Date. For further details on the payment of Balance, please refer to the section headed "A. The Share Purchase and Subscription Agreement - 4. Closing" in this Circular.

The Directors consider that the Subscription Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole. The Subscription Consideration has been funded by internal resources of the Company.

The Subscription Consideration and the Subscription Price were arrived at after arm's length negotiation between the Company and the Target Company on normal commercial terms with reference to the Sellers' expectation of the future operating results of the Target Company and their need of cash resources and the level of internal cash resources of the Group to pay for the Share Consideration and Subscription Consideration.

The Subscription Price is equal to the Subscription Consideration per Subscription Share.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully-paid, rank pari passu in all respects among themselves and with the NRML Shares in issue as at the date of the allotment and issue of the Subscription Shares, including the rights to receive all future dividends and distribution which may be declared, made or paid by the Target Company on or after the date of allotment and issue of the Subscription Shares.

3. Conditions

Closing of the Share Purchase and Subscription was conditional upon satisfaction of certain conditions, including the following:

(a) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Closing and there having been no indication from the Stock Exchange or the Securities and Futures Commission of Hong Kong that listing of the Shares will be suspended (except for any temporary trading halt or suspension of trading in the Shares solely as a result of any of the transactions contemplated by the Agreement), revoked or withdrawn at any time after Closing; and

(b) copy of the Statements of Foreign Debt Signing by Domestic Institutions (境內機構外債簽約情況表) stamped by the competent local branches of the State Administration of Foreign Exchange or other similar documents evidencing the completion of foreign debt registration (外債登記) with the competent local branches of the State Administration of Foreign Exchange for the shareholder's loans to be provided to entities directly or indirectly controlled by the Target Company incorporated in the PRC by their respective overseas shareholders with an aggregate amount of no less than USD32.7 million (equivalent to approximately HK$253.7 million) shall have been provided to the Company.

4. Closing

Closing of both the Share Purchase and Subscription took place on 17 June 2015. We are informed that the Company is issued shares with approximately 99.9999% shareholding in the Target Company.

Under the Deed of Undertaking, the Balance will be paid into the Target Company Account after the authorised signatories of the Target Company Account have been changed to those nominated by the Company. The Company has undertaken to effect the change of the authorised signatories of the Target Company Account within 15 Business Days after the Closing Date.

Pending the change of the authorised signatories of the Target Company, the Company has issued a cheque in the amount of HKD equivalent of the Balance and deposited the cheque with its solicitors, which will be (i) returned to the Company after completion of the change of the authorised signatories of the Target Company and the Balance having been paid into the Target Company Account by the Company, or (ii) released to BFT for depositing the same into the Target Company Account in the event the change of the authorised signatories of the Target Company not having been completed by the aforesaid due date (as the case may be), in each case upon the Company's instructions under the said deed of undertaking. As at the Latest Practicable Date, the change of the authorised signatories of the Target Company has yet been completed, the Balance has yet been paid into the Target Company Account by the Company, and the Company is not in physical possession of the share certificates in respect of the Share Purchase or the Subscription.

B. THE BONDS

Pursuant to the Agreement, at Closing, the Company issued the Bonds in the principal amount of HK$240,740,000 in favour of BFT as the BFT Share Consideration. It was the commercial decision of BFT to receive the BFT Share Consideration by way of the Bonds. Based on the discussion between the Company and BFT, the Company believes that BFT prefers the Bonds over cash as BFT will have options to exercise either (i) the Conversion Rights to convert the Bonds into Conversion Shares; and/or (ii) the Exchange Rights to exchange the Bonds into NRML Exchangeable Shares, depending on, amongst others, the performance of the Group and the Target Company in the future. A summary of the principal terms of the Bonds are as follows:

Principal Amount : An aggregate amount of HK$240,740,000

Maturity Date : 3 years from the date of issue

Interest : Nil

Conversion Rights and Exchange Rights : The bondholders are entitled to:

(a) convert all or part of the Bonds held by it into the Shares (i) at any time during the Conversion Period, or (ii) upon the consummation of a Fundamental Corporate Transaction during the term of the Bonds; and/or

(b) exchange all or part of the Bonds held by it into the NRML Shares (i) at any time during the Exchange Period or (ii) upon the consummation of a Fundamental NRML Corporate Transaction during the term of the Bonds. There is no premium or exercise price for the Exchange Rights.

For the avoidance of doubt, the bondholders are entitled to convert part of the outstanding principal amount of the Bonds held by it into the Shares and exchange the remaining part of the Bonds held by it into the NRML Shares (insofar as such amount remain outstanding after the conversion). Once any part of the Bonds are converted into the Shares, the bondholders are not entitled to exchange the Shares so converted into NRML Shares. The issuance of any Conversion Shares shall be subject to the granting of the Listing Approval.

Any portion of the Bonds not being converted or exchanged shall be redeemed by the Company at its principal amount on the Maturity Date.

The maximum number of Shares to which the bondholders are entitled on full conversion of the Bonds shall be the Conversion Shares, which are determined by dividing the aggregate principal amount of the Bonds by the Conversion Price, assuming the Exchange Rights are not exercised.

The maximum number of NRML Shares to which the bondholders are entitled on full exercise of the Exchange Rights shall be the NRML Exchangeable Shares, assuming the Conversion Rights are not exercised.

Conversion Period and Exchange Period : The period commencing from the thirtieth (30th) month of the date of issuance of the Bonds and ending on the close of business of the day which falls on the third anniversary of the date of issuance of the Bonds.

Conversion Price : The initial Conversion Price is HK$1.55 per Conversion Share, representing the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of the Agreement, subject to adjustments as set out and in accordance with the terms and conditions of the Bonds. The initial Conversion Price represents:

(i) a premium of approximately 7.64% to the closing price of HK$1.44 per Share as quoted on the Stock Exchange on the last trading day prior to signing of the Agreement;

(ii) a discount of approximately 2.88% to the average closing price of HK$1.596 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of the Agreement;

(iii) a premium of approximately 24% to the closing price of HK$1.25 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and

(iv) a premium of approximately 365.19% to the net asset value attributable to owners of the Company of approximately HK$0.3332 per Share, calculated based on the audited consolidated net assets of approximately HK$4,591,399,000 as at 31 December 2014 and 13,778,884,046 Shares in issue as at the date of the Agreement.

The Conversion Price for the Bonds was determined after arm's length negotiations between the Company and BFT with reference to the prevailing market price of the Shares.

Adjustment Event : The Conversion Price will be adjusted upon the following:

(a) consolidation, subdivision or reclassification;

(b) capitalization of profits or reserves;

(c) capital distributions;

(d) rights issues of the Shares or options over the Shares;

(e) rights issue of other securities;

(f) issues of new Shares at a price less than the higher of (i) 85% of then current market price, and (ii) the then-effective conversion price;

(g) issues of other securities at a price less than the higher of (i) 85% of then current market price, and (ii) the then-effective conversion price;

(h) modification of rights of conversion, exchange or subscription attaching to any such securities referred to in (g) above (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the higher of (i) 85% of the then market price per Share on the date of announcement of the proposals for such modification; and (ii) the Conversion Price in effect on the date of announcement of the proposals for such modification.

(i) issue, sale or distribution of any securities by the Company or any of its subsidiaries in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under condition referred to in (d), (e), (f) and (g) above); and

(j) Other events where the Company or any Bondholder determines that a downward adjustment should be made to the Conversion Price as result of one or more events or circumstances not referred to the above, the Issuer or such Bondholder shall, at the costs and expenses of the Issuer, consult an independent bank of international repute acting as an expert to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable. For instance, these events may include change in relevant laws and regulations or change in the constitutive documents of the Company.

Any additional Shares issuable upon adjustments pursuant to the terms of the Bonds shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Shareholders.

The Conversion Price cannot fall below the par value of the Shares (being HK$0.2). Assuming that the Conversion Price is adjusted to HK$0.2 and that the entire principal amount of the Bonds is converted into Conversion Shares (and assuming that there is no change to the issued share capital of the Company between the Latest Practicable Date and the conversion date), 1,203,700,000 Conversion Shares will be issued, representing approximately 8.51% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.85% of the issued share capital as enlarged by such conversion.

Although the adjustment event (j) above is a catch-all provision to cater for circumstances which may affect the Conversion Price but are not covered under adjustment events (a) to (i) above and that the bondholder will have absolute discretion to select the Expert if the Company fails to select an Expert, the Board considers that the terms and conditions of the Bonds (which includes the adjustment event (j)), taken as a whole, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, as (i) the Company obtained interest-free financing through the issuance of the Bonds; and (ii) the Company acquired the Target Group without the need to settle the payment of the consideration payable to BFT by cash. In relation to adjustment event (j), the Board does not see any significant downside risk after considering its potential dilutive effect on the shareholding of the Company, and the relatively short period of time during which such adjustment event may occur.

Conversion Shares : Based on the initial Conversion Price of HK$1.55, a maximum number of 155,316,129 new Shares will be allotted and issued upon exercise in full of the Conversion Rights, which represent:

(i) approximately 1.13% of the total issued share capital of the Company as at the date of the Agreement;

(ii) approximately 1.10% of the total issued share capital of the Company as at the Latest Practicable Date; and

(iii) approximately 1.09% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise in full of the Conversion Rights.

The Conversion Shares shall be allotted and issued under the Specific Mandate granted to the Directors by the Shareholders.

As at the Latest Practicable Date, the authorized share capital of the Company was HK$5,000,000,000 divided into 25,000,000,000 Shares of a par value of HK$0.2 each, among which 14,138,884,046 Shares have been issued and fully paid up.

The allotment and issue of the Conversion Shares will not result in a change of control of the Company.

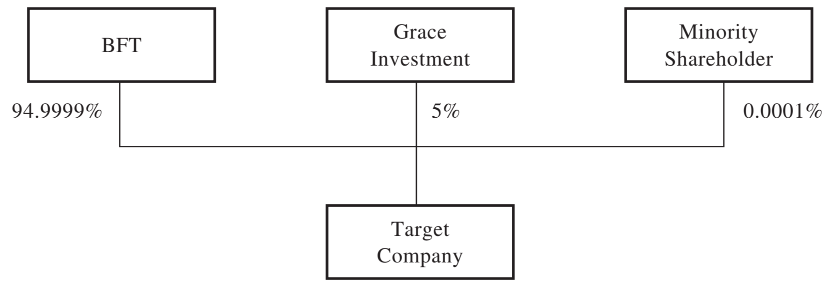
Conversion Restrictions : Where an exercise of the Conversion Right will result in reduction in public float, the Company shall use its best endeavours to take all necessary steps to ensure that the minimum public float requirement can be satisfied.

Early Redemption : Following the occurrence of a Relevant Event, a holder of the Bonds will have the right at its option, to require the Company to redeem such the Bonds held by it in whole or in part at its principal amount on the date falling one month from the date of the notice concerning the Relevant Event given by the holders of the Bonds to the Company.

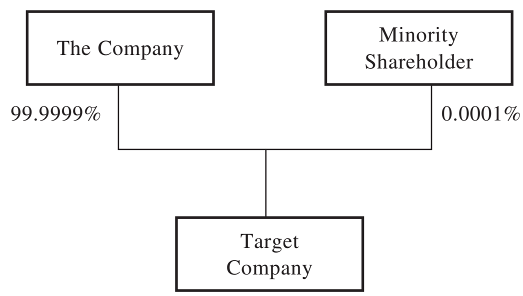
Ranking	:	The Conversion Shares shall rank *pari passu* in all respects among themselves and with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
Status	:	The Bonds constitute direct, unsubordinated, unconditional 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 Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.
Transferability	:	Any transfer of the Bonds shall be in respect of the whole or any part (in multiples of HK$10,000) of the principal amount of the Bonds. The Bonds shall not be transferred by the holder of the Bonds without the prior consent of the Company except any transfer to an affiliate of such holder.
Voting rights	:	The Bonds do not confer any voting rights at any meetings of the Company.
Security	:	There are no securities given by the Company in respect of the Bonds.
Restrictions on Sale	:	There are no restrictions on subsequent sale of the Conversion Shares.
Event of Default	:	On and at any time after the occurrence of an event of default as described in the Bonds, any bondholder may, by notice in writing to the Company, declare that the Bonds are, and they shall immediately become, due and payable as at such date (without prejudice to the right of any bondholder to exercise the Conversion Right or Exchange Right in respect of the Bonds).
Application for listing	:	No application will be made by the Company to the Stock Exchange for listing of the Bonds. An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

B. SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

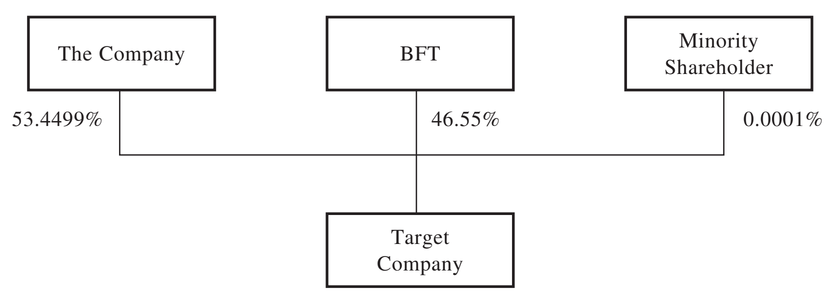
1. Shareholding structure of the Target Company before Closing



2. Shareholding structure of the Target Company immediately after Closing



3. Shareholding structure of the Target Company immediately after Closing and the issue of the NRML Exchangeable Shares upon full exercise of the Exchange Rights immediately after Closing (assuming that there are no other changes to the issued share capital of the Target Company)



Note: The shareholdings shown in the diagrams above are approximate figures.

C. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY IN RELATION TO THE BONDS

For illustration purposes only, the following table sets out the shareholding structure of the Company (a) as at the Latest Practicable Date; (b) before the full conversion of the 2016 CN but immediately after the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights (assuming that there are no other changes to the issued share capital of the Company); (c) immediately after the full conversion of the 2016 CN but before the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights; and (d) immediately after the full conversion of the 2016 CN and the allotment and issue of the Conversion Shares by the Company upon full exercise of the Conversion Rights (on the assumption that there are no other changes in the shareholding structure and the issued share capital of the Company up to the date of full conversion):

	As at the Latest Practicable Date		Before the full conversion of the 2016 CN but immediately after the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights (assuming that there are no other changes to the issued share capital of the Company)		Immediately after the full conversion of the 2016 CN but before the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights (assuming that there are no other changes to the issued share capital of the Company)		Immediately after the full conversion of the 2016 CN and the allotment and issue of the Conversion Shares by the Company upon full exercise of the Conversion Rights (assuming that there are no other changes to the issued share capital of the Company)	
	No. of Company Shares	*Approx. %*	*No. of Company Shares*	*Approx. %*	*No. of Company Shares*	*Approx. %*	*No. of Company Shares*	*Approx. %*
Better Joint *(Note 1)*	6,125,279,787	43.3	6,125,279,787	42.8	6,868,774,210	46.2	6,868,774,210	45.7
Glory Merit *(Note 2)*	1,486,988,846	10.5	1,486,988,846	10.4	1,486,988,846	10.0	1,486,988,846	9.9
Elite Mile *(Note 3)*	2,031,482,970	14.4	2,031,482,970	14.2	2,031,482,970	13.6	2,031,482,970	13.5
Sino Wealthy *(Note 4)*	754,739,800	5.3	754,739,800	5.3	754,739,800	5.1	754,739,800	5.0
Sub-total:	**10,398,491,403**	**73.5**	**10,398,491,403**	**72.7**	**11,141,985,826**	**74.9**	**11,141,985,826**	**74.1**
BFT	–	–	155,316,129	1.1	–	–	155,316,129	1.0
Other public shareholders	3,740,392,643	26.5	3,740,392,643	26.2	3,740,392,643	25.1	3,740,392,643	24.9
Sub-total:	**3,740,392,643**	**26.5**	**3,895,708,772**	**27.3**	**3,740,392,643**	**25.1**	**3,895,708,772**	**25.9**
Total:	**14,138,884,046**	**100**	**14,294,200,175**	**100**	**14,882,378,469**	**100**	**15,037,694,598**	**100**

Notes:

1. Better Joint Venture Limited ("**Better Joint**") is the legal and beneficial owner of 6,125,279,787 Shares and holder of the 2016 CN which is convertible into a maximum of 743,494,423 Shares upon full conversion at the conversion price of HK$0.269 (subject to adjustment). Better Joint is wholly and beneficially owned by Mr. King, a substantial shareholder and director of the Company.

2. Glory Merit International Holdings Limited ("**Glory Merit**") is the legal and beneficial owner of 1,486,988,846 Shares. Glory Merit is beneficially owned as to 99% by Mr. King.

3. Elite Mile Investments Limited ("**Elite Mile**") is the legal and beneficial owner of 2,031,482,970 Shares. Elite Mile is wholly and beneficially owned by Mr. King.

4. Sino Wealthy Limited ("**Sino Wealthy**") is the legal and beneficial owner of 754,739,800 Shares. Sino Wealthy is indirectly, wholly and beneficially owned by Forefront Group Limited. Forefront Group Limited is beneficially owned as to 70.71% by Mystery Idea Limited. Mystery Idea Limited is wholly and beneficially owned by Mr. King.

D. INFORMATION OF THE COMPANY, THE SELLERS AND THE TARGET COMPANY

1. Information of the Company

The Group is principally engaged in theme based leisure and consumption business, focusing on the design, development and operation of integrated large-scale tourist complex projects in key cities in and outside the PRC that comprise of theme parks, hotels, shopping and leisure facilities, as well as other theme based consumption such as food and beverages, entertainment and touring theme parks.

2. Information of Grace Investment

Grace Investment is a company incorporated in the BVI with limited liability. The principal activity of Grace Investment is investment holding.

3. Information of BFT

BFT is a limited partnership registered in Guernsey and is controlled by its General Partner, BFT Acquisition (Guernsey) Co. Limited, which is a limited company registered in Guernsey. The ultimate beneficial owners of both these entities are the limited partnerships that comprise the Apax Europe VI and Apax Europe VII Funds. The principal activity of BFT is investment holding.

4. Information of Target Company and the Target Group

The Target Company is a company incorporated under the laws of the BVI with limited liability and was wholly owned by Grace Investment, BFT and the Minority Shareholder immediately before Closing. The Target Company is principally engaged in investment holding. The Target Group's principal business activity is the operation of high-end restaurant chain under the brand of "Golden Jaguar (金錢豹)" with 27 restaurants across 18 cities in the PRC as of the Latest Practicable Date.

E. FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the audited financial information of the Target Group for the years ended 31 December 2013 and 31 December 2014 as provided by the sellers to the Company:

	For the financial year ended 31 December 2013 *RMB'000*	For the financial year ended 31 December 2014 *RMB'000*
Turnover	956,854	714,324
Losses before taxation	(223,647)	(207,891)
Losses after taxation	(231,995)	(210,271)
	As at 31 December 2013 *RMB'000*	**As at 31 December 2014** *RMB'000*
Net liabilities	(326,681)	(443,749)

The Company is issued shares with approximately 99.9999% of the Target Company immediately after Closing. The financial results of the Target Company will be consolidated into the financial statements of the Group. The financial effects of the Acquisition are set out in "Section H – Financial Effects of the Acquisition" to this circular.

F. REASONS FOR AND BENEFITS OF THE ACQUISITION FOR THE COMPANY

The Group is principally engaged in theme based leisure and consumption business, focusing on the design, development and operation of integrated large-scale tourist complex projects in key cities in and outside the PRC that comprise of theme parks, hotels, shopping and leisure facilities, as well as other theme based consumption such as food and beverages, entertainment and touring theme parks. The Group is transforming from a real estate developer to a developer of large-scale integrated tourism, hospitality and retail projects in the PRC and selected overseas destination with experiential consumption themes such as theme park, international premium brand outlet mall, hotel, dining, leisure and entertainment facilities. Food and beverages sector is one of our Group's core development areas.

The Company is reasonably optimistic about the growth of the middle-class food and beverages sector in China, and believes that quality buffet and banqueting market in the PRC is going to enjoy growth among the middle-class consumer population in the PRC. "Golden Jaguar (金錢豹)" presents a suitable opportunity in this respect. With the reputable brand of "Golden Jaguar (金錢豹)" in the PRC, its wide network of restaurants in the PRC and its experienced management team, the Company believes that there is growth potential in the Target Group and the Acquisition will be able to complement the Group's strategy to expand into the food and beverages business in China. Notwithstanding its loss-making condition, "Golden Jaguar (金錢豹)" currently owns and operates 27 restaurants in 18 cities of 15 provinces, in China, and serves millions of customers in different parts of the country. This provides the Group with an immediate platform to kick-start its national food and beverages business line, which would otherwise require much more money, time and effort to build and develop. In addition, as the Company plans to expand into other experiential consumption businesses such as edutainment and touring carnival and events across China as well as the E-da Project in Kaohsiung, Taiwan, as disclosed in the announcements of the Company dated 22 June 2015, 27 January 2015 and 3 July 2014, the established customer base of "Golden Jaguar (金錢豹)" accumulated for many years will form a solid foundation and can help to cross-sell these added businesses for the Company. On the basis of the existing reputation and restaurant network of "Golden Jaguar (金錢豹)", the Group will further improve its branding and network coverage in China, with the view to increasing the number of restaurants, the size of customers base, and per capita spend of customers, thereby enhancing the profitability of "Golden Jaguar (金錢豹)" as well as of the Group. With the synergy created by the Acquisition, the Company believes that it will also be able to leverage on the restaurants network of "Golden Jaguar (金錢豹)" to cross-sell other business lines of the Group.

The Directors consider that the Acquisition is on normal commercial terms and that the terms of the Acquisition are fair and reasonable and in the interests of the Company and Shareholders as a whole.

G. EQUITY CAPITAL RAISING ACTIVITIES DURING PAST 12 MONTHS

Save as disclosed below, the Company has not carried out any other equity capital raising activities during the 12 months immediately preceding the Latest Practicable Date. The actual use of proceeds of from the equity capital raising activities mentioned below is in line with the intended use of proceeds as disclosed in respectively the announcements of the Company issued on 17 November 2014, 1 December 2014 and 5 June 2015:

Date of announcement	**Capital raising activity**	**Approximate net proceeds raised** *(HK$)*	**Actual use of proceeds (as at Latest Practicable Date)**
17 November 2014	Subscription for 220,000,000 new Shares completed on 26 November 2014	247.9 million	Fully utilised as pledged bank deposit for bank and other borrowing
1 December 2014	Subscription for 645,000,000 new Shares completed on 9 December 2014	726.76 million	(i) Approximately HK$514.9 million as pledged bank deposit for bank and other borrowing; (ii) Approximately HK$175.96 million as for our investment in securities, kids edutainment and tour carnival projects and professional fees on our project investments ; and (iii) Approximately HK$35.9 million as payment of bond interest
5 June 2015	Subscription for 360,000,000 new Shares completed on 12 June 2015	518.5 million	Approximately HK$389.2 million as pledged bank deposit for bank and other borrowing

H. FINANCIAL EFFECTS OF THE ACQUISITION

Upon Closing, the Company is issued shares with approximately 99.9999% of the Target Company. The financial results of the Target Company will be consolidated into the financial statements of the Group. The unaudited consolidated pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition on the assets and liabilities of the Group is set out in Appendix IV to this circular.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is based on audited consolidated statement of financial position of the Group as at 31 December 2014 as extracted from published annual report of the Group for the year ended 31 December 2014 after incorporating the unaudited pro forma adjustments as described in the accompanying notes to illustrate the effect of the Share Purchase and the Subscription.

1. Earnings

The Target Group recorded a net loss after taxation of approximately RMB232.0 million (equivalent to approximately HK$293.2 million) and RMB210.3 million (equivalent to approximately HK$265.8 million) for the years ended 31 December 2013 and 31 December 2014. With effect from Closing, the financial results of the Target Group would be reflected in the consolidated financial statements of the Company. The Company will conduct further review of the operation of the restaurants and may implement financial improvement measures.

2. Assets and Liabilities

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, with effect from Closing, the total consolidated net assets of the Enlarged Group would be HK$6,613.7 million. The total assets would increase from approximately HK$17,536.9 million to approximately HK$18,819.4 million. The total liabilities would increase from approximately HK$10,923.2 million to approximately HK$12,205.7 million.

The above financial effects are for illustrative purposes only and do not necessarily reflect the actual financial results and position of the Group as a result of the Acquisition. No representation is made as to the actual financial results and/or position of the Group upon Closing.

Shareholders should note that, as at 31 December 2014, the Target Group had net current liabilities of approximately RMB543.5 million (equivalent to HK$686.9 million). Please refer to Appendix II of this circular for further information of the assets and liabilities of the Target Group.

I. IMPLICATIONS UNDER THE LISTING RULES

1. Major Transactions for the Company

(a) In respect of the Acquisition

Since one of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

(b) In respect of the Exchange Rights

Under Rule 14.74(1) of the Listing Rules, on the grant of the Exchange Rights, the exercise of which is not at the discretion of the Company, the transaction will be classified as if the Exchange Rights had been exercised. Pursuant to the Agreement and the Bonds, upon exercise of the Exchange Rights by the bondholders in full, the Group's interest in the Target Company will be diluted from 100% to approximately 53.4499% of the share capital of the Target Company and such dilution of interest will be treated as a deemed disposal of the Target Company by the Company. Assuming that the Exchange Rights is exercised in full by the bondholders, one of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for such exercise of the Exchange Rights will exceed 25% but is less than 100%, the exercise of the Exchange Rights will constitute a major transaction of the Company under the Listing Rules. In view that the Exchange Rights is part and parcel of the issuance of the Bonds and the transactions contemplated under the Agreement, the entering into of the Agreement is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. Also, pursuant to Rule 14.74(2) of the Listing Rules, on the exercise or transfer of the Exchange Rights, the Company will issue an announcement regarding such exercise or transfer.

The Company has obtained written approvals from Better Joint Venture Limited, Elite Mile Investments Limited and Glory Merit International Holdings Limited, holding 6,125,279,787 Shares, 2,031,482,970 Shares and 1,486,988,846 Shares respectively as at the date of the written approvals, representing in aggregate approximately 70% of the issued share capital of the Company for the approval of the Transaction Matters Requiring Approval (including without limitation, the exercise of the Exchange Rights). The said Better Joint Venture Limited and Elite Mile Investments Limited are wholly-owned by Mr. King. Glory Merit International Holdings Limited is also held as to 99% of the entire issued share by Mr. King. As such, no general meeting will be convened by the Company to approve the Transaction Matters Requiring Approval.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the transactions contemplated under the Agreement and the Bonds (including without limitation, the exercise of the Exchange Rights). As such, no Shareholder would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Transaction Matters Requiring Approval.

If, despite the said written approval from Better Joint Venture Limited, Elite Mile Investments Limited and Glory Merit International Holdings Limited having been obtained, voting was required and the Company held a general meeting for the approval of the Transaction Matters Requiring Approval, the Directors would have recommended that the Shareholders vote in favour of such resolution.

2. The Specific Mandate for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Bonds and any additional Shares issuable upon adjustments pursuant to the terms of the Bonds

The issue of the Conversion Shares upon exercise of Conversion Rights and any additional Shares issuable upon adjustments pursuant to the terms of the Bonds shall be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM. If the proposed resolution for the Specific Mandate at the SGM is not approved, the bondholder shall only be entitled to the Exchange Rights under the Bonds.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Specific Mandate. As such, no Shareholder would be required to abstain from voting on the proposed ordinary resolution for the grant of the Specific Mandate at the SGM under the Listing Rules.

SPECIAL GENERAL MEETING

An ordinary resolution for the grant of the Specific Mandate will be proposed at the SGM. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the proposed ordinary resolution for the grant of the Specific Mandate will be voted by poll.

A notice convening the SGM to consider and, if thought fit, to approve the ordinary resolution for the grant of the Specific Mandate will be given to the Shareholders after the date of the SGM is confirmed in compliance with all relevant requirements under the Listing Rules and the memorandum of association and bye-laws of the Company.

RECOMMENDATIONS

The Directors are of the views that the Specific Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM to approve the grant of the Specific Mandate) and the transactions contemplated thereunder.

J. ADDITIONAL INFORMATION

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

By order of the Board
Carnival Group International Holdings Limited
King Pak Fu
Chairman

A. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 is set out on: (i) pages 34 to 130 of the annual report for the year ended 31 December 2014 of the Company published on 24 March 2015; (ii) pages 30 to 122 of the annual report for the year ended 31 December 2013 of the Company published on 14 April 2014; and (iii) pages 32 to 124 of the annual report for the year ended 31 December 2012 of the Company published on 29 April 2013, respectively, which are available on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

B. INDEBTEDNESS STATEMENT

1. Convertible notes, corporate bonds, bank and other borrowings of Enlarged Group

At as the close of business on 31 May 2015, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had:

Unguaranteed

(a) unsecured and unguaranteed convertible notes and corporate bonds with outstanding principal of approximately HK$200 million and HK$400 million;

(b) unsecured and unguaranteed bank borrowings of approximately RMB30 million (equivalent to HK$37.9 million);

(c) bank borrowings of RMB578.4 million (equivalent to approximately HK$730.9 million) were secured by pledged bank deposits of the Group amounting to RMB599 million (equivalent to approximately HK$757.0 million);

(d) finance lease payables of approximately HK$1.2 million which were secured by the lessor's title to the leased assets;

(e) Amounts due to non-controlling interests and related parties of RMB470.0 million (equivalent to approximately HK$594.0 million) and RMB52.9 million (equivalent to HK$66.9 million) respectively, which are unsecured, interest free and repayable on demand;

Guaranteed

(f) unsecured corporate bonds with outstanding principal of RMB500 million (equivalent to approximately HK$631.9 million), which were guaranteed by certain non-PRC subsidiaries of the Company; and

(g) other borrowings of RMB4,400 million (equivalent to approximately HK$5,560.5 million), which were secured by (i) the Group's property, plant and equipment, investment properties and properties for sale amounting to RMB10,785.6 (equivalent to approximately HK$13,630.3 million); (ii) personal guarantee given by a substantial shareholder of the Company; and (iii) certain shares pledged given by non-controlling interests of the Group.

2. Contingent Liabilities of Enlarged Group

As at the close of business on 31 May 2015, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had no material contingent liabilities. Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances, acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

C. WORKING CAPITAL

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

D. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

(i) Financial and trading prospects of the Group

In the coming year, the Group will continue to transform from a real estate developer to a leading integrated tourism, hospitality and retail service provider in the People's Republic of China ("PRC") and overseas, in order to take advantage of the PRC's growing pool of affluent population with strong spending power, who is looking for and increasingly open to new lifestyle concept of experiential consumption in goods and services, as compared to narrow consumption channels such as e-commerce and stand-alone mall, hotel or theme park facilities.

Our new business model is to attract and retain customers through different themes for their experiential consumption inside each of our project complexes, including high-end retail outlet malls, international branded luxurious resort hotels with wideranging amenities and recreational activities, world-class convention centers, stadiums, theaters, innovative theme parks, varieties of fine restaurants, sports and entertainment options. We expect that projects designed, developed and managed by the Group will not only bring new lifestyle concepts to residents and visitors alike, but will also become the new landmarks in cities where they are located, due to their superior locations and excellent retail, hospitality, dining, leisure and entertainment facilities.

The Group enhances its positioning of the PRC's only publicly listed developer of large-scale integrated tourism, hospitality and retail projects through acquiring a restaurant chain under the reputable brand of "Golden Jaguar (金錢豹)", one of China's leading buffet- and banquet-style restaurant chains, to tap the food and beverages middle-class market in the PRC and complement its theme based consumption offerings. Its success has been underpinned by the rapid pace of the country's urbanisation and the rise of the world's largest middle class powering a huge growth in demand for new dining-out experiences. With the strong leading power of "Golden Jaguar (金錢豹)"in the food and beverages middle-class market in the PRC, the Group will attract the PRC's growing pool of population with strong spending power rapidly and continuously.

The Group will continue to explore quality tourism and leisure projects in PRC and selected overseas destinations and strive to become a leading integrated tourism, hospitality and retail services project developer in PRC and abroad, thereby generating stable, long-term and abundant investment returns for our shareholders.

(ii) Major customers and suppliers

Contracts with the Group's five largest suppliers combined by value, accounted for 34.8% in value of total purchases during the year ended 31 December 2014, while contracts with the Group's largest supplier by value, accounted for 21.3% in value of total purchases during the year ended 31 December 2014. Contracts with the Group's five largest customers aggregated accounted for less than 30% of the Group's sales during the year ended 31 December 2014.

None of the Directors, their associates or any other shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

E. MATERIAL ADVERSE CHANGES

As at the latest practicable date, the Directors were not aware of any material adverse changes in the Group's financial or trading position of the Group since 31 December 2014, the date to which the latest published audited consolidated accounts of the Group were made up.

EY 安永

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The Directors
Carnival Group International Holdings Limited

Dear Sirs,

We set out below our report on the financial information of Nice Race Management Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") comprising 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 three years ended 31 December 2012, 2013 and 2014 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2012, 2013 and 2014, together with the notes thereto (the "Financial Information"), prepared on the basis of preparation set out in note 2.1 of Section II below, for inclusion in the circular of Carnival Group International Holdings Limited (the "Company") dated 30 June 2015 (the "Circular") in connection with the Company's proposed acquisition of the 99.9999% equity interest of the Target Company by the Company.

The Target Company was incorporated in the British Virgin Islands with limited liability on 18 February 2011.

Directors' responsibility

The directors of the Target Company (the "Directors") are responsible for the preparation of the Financial Information that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and for such internal control as the Directors determine is necessary to enable the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information, and to report our opinion thereon to you.

For the purpose of this report, we have audited the Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Target Group and the Target Company as at 31 December 2012, 2013 and 2014 and of the consolidated results and cash flows of the Target Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*
REVENUE	5	1,039,248	956,854	714,324
Cost of sales		(369,030)	(361,444)	(274,209)
Gross profit		670,218	595,410	440,115
Other income and gains	5	6,925	7,476	4,662
Selling and distribution expenses		(664,623)	(722,770)	(562,283)
Administrative expenses		(98,434)	(97,412)	(86,430)
Finance costs	7	–	–	(233)
Other expenses		(630)	(6,351)	(3,722)
LOSS BEFORE TAX	6	(86,544)	(223,647)	(207,891)
Income tax expense	10	(15,428)	(8,348)	(2,380)
LOSS FOR THE YEAR		(101,972)	(231,995)	(210,271)

(B) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*
LOSS FOR THE YEAR		(101,972)	(231,995)	(210,271)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		(29)	(387)	642
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(29)	(387)	642
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(102,001)	(232,382)	(209,629)

(C) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS				
Property and equipment	11	461,512	318,836	229,830
Other intangible assets	12	3,012	4,121	3,329
Long-term rental deposits	13(a)	19,625	21,585	17,757
Deferred tax assets	22	372	372	372
Total non-current assets		484,521	344,914	251,288
CURRENT ASSETS				
Inventories	14	40,611	19,643	16,180
Trade receivables	15	14,170	17,677	11,009
Prepayments, deposits and other receivables	16	42,935	58,575	45,952
Available-for-sale investments	17	85,000	–	–
Cash and cash equivalents	18	69,289	39,922	56,140
Total current assets		252,005	135,817	129,281
CURRENT LIABILITIES				
Trade and bills payables	19	129,737	111,148	116,889
Other payables and accruals	20	565,096	543,844	504,063
Tax payable		25,760	23,233	21,863
Interest-bearing bank borrowings	21	–	–	30,000
Total current liabilities		720,593	678,225	672,815
NET CURRENT LIABILITIES		(468,588)	(542,408)	(543,534)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,933	(197,494)	(292,246)
NON-CURRENT LIABILITIES				
Deferred income		84,501	81,857	74,724
Long-term payables	13(b)	26,813	47,330	76,779
Total non-current liabilities		111,314	129,187	151,503
Net liabilities		(95,381)	(326,681)	(443,749)
EQUITY				
Equity attributable to owners of the Parent				
Share capital	23	1	1	92,464
Reserves	24(a)	(95,382)	(326,682)	(536,213)
Total equity		(95,381)	(326,681)	(443,749)

(D) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve*	Share based payment reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 23)			*(note 24(a))*	*(note 24(a))*		
At 1 January 2012	1	239,660	1,507	5,302	13,080	(251,423)	8,127
Loss for the year	–	–	–	–	–	(101,972)	(101,972)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	(29)	–	(29)
Total comprehensive income for the year	–	–	–	–	(29)	(101,972)	(102,001)
Forfeited share based arrangements	–	–	(1,507)	–	–	–	(1,507)
Transfer from accumulated losses	–	–	–	2,721	–	(2,721)	–
At 31 December 2012 and 1 January 2013	1	239,660	–	8,023	13,051	(356,116)	(95,381)
Loss for the year	–	–	–	–	–	(231,995)	(231,995)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	(387)	–	(387)
Total comprehensive income for the year	–	–	–	–	(387)	(231,995)	(232,382)
Equity-settled share based payment arrangements	–	–	1,082	–	–	–	1,082
Transfer from accumulated losses	–	–	–	1,602	–	(1,602)	–
At 31 December 2013 and 1 January 2014	1	239,660	1,082	9,625	12,664	(589,713)	(326,681)

	Share capital	Capital reserve*	Share payment reserve*	Statutory based surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 23)			*(note 24(a))*	*(note 24(a))*		
At 31 December 2013 and 1 January 2014	1	239,660	1,082	9,625	12,664	(589,713)	(326,681)
Loss for the year	–	–	–	–	–	(210,271)	(210,271)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	642	–	642
Total comprehensive income for the year	–	–	–	–	(642)	(210,271)	(209,629)
Equity-settled share based payment arrangements	–	–	98	–	–	–	98
Transfer from accumulated losses	–	–	–	12	–	(12)	–
Issue of shares	92,463	–	–	–	–	–	92,463
At 31 December 2014	92,464	239,660	1,180	9,637	13,306	(799,996)	(443,749)

* These reserve accounts comprise the combined reserves of RMB(95,382,000), RMB(326,682,000) and RMB(536,213,000) in the consolidated statements of financial position as at 31 December 2012, 2013 and 2014.

(E) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	2012 RMB'000	2013 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(86,544)	(223,647)	(207,891)
Adjustments for:				
Depreciation	11	87,215	68,750	62,663
Impairment of property and equipment	11	106,435	150,421	58,952
Amortisation of intangible assets	12	886	1,617	1,525
Amortisation of low value consumables		16,423	14,434	9,166
Amortisation of deferred income		(5,696)	(6,919)	(7,133)
Interest (income)/expense	5	(238)	(366)	234
Investment income	5	(2,039)	(1,461)	(10)
Equity-settled share based payment expense	6	–	1,082	98
Forfeited share based payment		(1,507)	–	–
Loss/(gain) on disposal of items of property and equipment		246	(258)	(91)
		115,181	3,653	(82,487)
Decrease in inventories		5,400	20,968	3,463
(Increase)/decrease in trade receivables		(4,017)	(3,508)	6,669
(Decrease)/increase in prepayments, deposits and other receivables		(6,375)	(30,073)	3,456
Decrease in long term prepayment for leases		12,418	–	–
(Increase)/decrease in long-term rental deposit		(615)	(1,960)	3,828
Increase/(decrease) in trade payables		1,489	(18,589)	5,741
Increase/(decrease) in other payables and accruals		79,547	(12,437)	(20,819)
Increase in deferred income		1,140	–	–
Increase in long term payables		5,550	22,011	30,154
Cash generated from/(used in) operations		209,718	(19,935)	(49,995)
Income tax paid		(19,640)	(10,875)	(3,750)
Net cash flows from/(used in) operating activities		190,078	(30,810)	(53,745)

	Notes	2012 RMB'000	2013 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of items of property and equipment		(181,242)	(96,098)	(58,770)
Purchase of intangible assets		(2,988)	(2,726)	(733)
Proceeds from disposal of items of property and equipment		593	13,479	7,221
Interest received		238	366	–
Investment income		2,039	1,461	10
Purchase of investments at fair value through profit or loss		(610,000)	–	–
Proceeds from redeemed investments at fair value through profit or loss		555,000	85,000	–
Net cash flows (used in)/from investing activities		(236,360)	1,482	(52,272)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		–	–	92,463
Proceeds from borrowing		–	–	30,000
Interest paid		–	–	(234)
Net cash flows from financing activities		–	–	122,229
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(46,282)	(29,328)	16,212
Cash and cash equivalents at beginning of year		115,576	69,289	39,922
Effect of foreign exchange rate changes, net		(5)	(39)	6
CASH AND CASH EQUIVALENTS AT END OF YEAR		69,289	39,922	56,140
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	18	69,289	39,922	56,140

(F) STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	2012 RMB'000	2013 RMB'000	2014 RMB'000
CURRENT ASSETS				
Due from subsidiaries		59,810	60,707	152,215
Prepayments, deposits and other receivables		3	210	210
Cash and cash equivalents		72	1,104	1,494
Total current assets		59,885	62,021	153,919
CURRENT LIABILITIES				
Other payables and accruals	20	6,243	6,734	11,190
Total current liabilities		6,243	6,734	11,190
NET CURRENT ASSETS		53,642	55,287	142,729
TOTAL ASSETS LESS CURRENT LIABILITIES		53,642	55,287	142,729
Net assets		53,642	55,287	142,729
EQUITY				
Share capital		1	1	92,464
Capital surplus		51,802	52,884	52,982
Retained earnings/(Accumulated losses)	24(b)	1,839	2,246	(1,271)
Exchange reserve		–	156	(1,446)
Total equity		53,642	55,287	142,729

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company was incorporated on 18 February 2011 in the British Virgin Islands with limited liability. The registered office of the Target Company is located at Trident Chambers. P.O. BOX 146, Road Town, Tortola, British Virgin Islands.

The principal activity of the Target Company is investment holding. The Target Group is principally engaged in the operation of restaurants providing buffet, banquet, exquisite dining and related service ("Catering Business") in the People's Republic of China (the "PRC") during the Relevant Periods.

The particulars of the entities comprising the Target Group are set out below:

Company name	Notes	Place and date of incorporation/registration	Issued/ paid-up capital	Percentage of equity attributable to the Target Company	Principal activities
Shanghai Golden Jaguar International Cuisine Co., Ltd.# 上海金錢豹國際美食有限公司	(i)	The PRC/Mainland China, 23/04/2003	US$ 1,200,000	100%	Catering Business
Shanghai Golden Jaguar Banquet and Catering Management Co., Ltd. # 上海金錢豹宴會餐飲管理有限公司	(ii)	The PRC/Mainland China, 09/12/2003	US$ 1,500,000	100%	Catering Business
Beijing Golden Jaguar International Cuisine Co., Ltd. # 北京金錢豹國際美食有限公司	(iii)	The PRC/Mainland China, 25/08/2005	US$ 1,000,000	100%	Catering Business
Shanghai Xuhui Golden Jaguar Int Cuisine Co., Ltd. # 上海徐匯區金錢豹國際美食有限公司	(iv)	The PRC/Mainland China, 21/11/2005	US$ 1,000,000	100%	Catering Business
Beijing Golden Jaguar Catering Co., Ltd. # 北京金錢豹餐飲有限公司	(v)	The PRC/Mainland China, 23/12/2005	US$ 2,000,000	100%	Catering Business
Beijing Golden Jaguar Catering Management Co., Ltd. # 北京金錢豹餐飲管理有限公司	(vi)	The PRC/Mainland China, 22/09/2006	US$ 1,500,000	100%	Catering Business
Shenyang Golden Jaguar Bakery Co., Ltd. # 沈陽金錢豹面包烘焙坊有限公司	(vii)	The PRC/Mainland China, 01/02/2008	US$ 200,000	100%	Bakery Service
Nanjing Golden Jaguar Catering Management Co., Ltd. # 南京金錢豹餐飲管理有限公司	(viii)	The PRC/Mainland China, 26/10/2009	US$ 5,000,000	100%	Catering Business
Huang-Jun International Catering (Shenzhen) Co., Ltd. # 皇郡國際餐飲（深圳）有限公司	(ix)	The PRC/Mainland China, 03/12/2010	US$ 1,000,000	100%	Catering Business
Huang-Jun Golden Jaguar Catering Management (Wuxi) Co., Ltd. # 皇郡金錢豹餐飲管理（無錫）有限公司	(x)	The PRC/Mainland China, 08/09/2011	US$ 10,000,000	100%	Catering Business

Company name	Notes	Place and date of incorporation/registration	Issued/ paid-up capital	Percentage of equity attributable to the Target Company	Principal activities
Golden Jaguar International Co., Ltd. 金錢豹國際股份有限公司	(xi)	Samoa 17/01/2005	US$ 10,000,000	100%	Investment Holding
Golden Jaguar Restaurant Management (Group) Co., Ltd. 金錢豹宴會餐飲管理(集團)有限公司	(xii)	Hong Kong 20/12/2007	HK$1	100%	Investment Holding
Huang-Jun International Co., Ltd. 皇郡國際有限公司	(xiii)	Cayman Islands 14/09/2010	US$ 50,000	100%	Investment Holding
Huang-Jun International (Hong Kong) Co., Ltd. 皇郡國際(香港)有限公司	(xiv)	Hong Kong 09/02/2011	HK$ 10,000	100%	Investment Holding

\# The names of these companies referred to in this report represent the Target Company's management's best effort at translating the Chinese names of the companies, as no English names have been registered.

Notes:

(i) Shanghai Golden Jaguar International Cuisine Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 上海申威聯合會計師事務所有限責任公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(ii) Shanghai Golden Jaguar Banquet and Catering Management Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 上海申威聯合會計師事務所有限責任公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(iii) Beijing Golden Jaguar International Cuisine Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 北京安家信會計師事務所有限公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(iv) Shanghai Xuhui Golden Jaguar Int Cuisine Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 上海申威聯合會計師事務所有限責任公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(v) Beijing Golden Jaguar Catering Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 北京安家信會計師事務所有限公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(vi) Beijing Golden Jaguar Catering Management Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 北京安家信會計師事務所有限公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(vii) Shenyang Golden Jaguar Bakery Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 遼寧寶華正道會計師事務所有限公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(viii) Nanjing Golden Jaguar Catering Management Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 上海申威聯合會計師事務所有限責任公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(ix) Huang-Jun International Catering (Shenzhen) Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 深圳正理會計師事務所(特殊普通合伙). And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by上海旭日會計師事務所(特殊普通合夥);

(x) Huang-Jun Golden Jaguar Catering Management (Wuxi) Co., Ltd. is registered as a limited liability company enterprise under PRC Law. The statutory financial statements for the year ended 31 December 2012 prepared under PRC GAAP were audited by 上海申威聯合會計師事務所有限責任公司. And the statutory financial statements for the years ended 31 December 2013 and 2014 prepared under PRC GAAP were audited by 上海旭日會計師事務所(特殊普通合夥);

(xi) Golden Jaguar International Co., Ltd.is is a limited liability enterprise incorporated in Samoa. No audited financial statements have been prepared for this entity for the years ended 31 December 2012, 2013 and 2014, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation;

(xii) Golden Jaguar Restaurant Management (Group) Co., Ltd. is a limited liability enterprise incorporated in Hong Kong. No audited financial statements have been prepared for this entity for the years ended 31 December 2012, 2013 and 2014, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation;

(xiii) Huang-Jun International Co., Ltd. is a limited liability enterprise incorporated in the Cayman Islands. No audited financial statements have been prepared for this entity for the years ended 31 December 2012, 2013 and 2014, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation;

(xiv) Huang-Jun International (Hong Kong) Co., Ltd. is a limited liability enterprise incorporated in Hong Kong. No audited financial statements have been prepared for this entity for the years ended 31 December 2012, 2013 and 2014, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2015, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2014, the Target Group has net current liabilities of RMB543,534,000. The Directors of the Target Company have prepared the Financial Information on a going concern basis notwithstanding the net current liabilities position of the Target Group as the Company has confirmed its intention to provide sufficient financial support to the Target Group. The Directors of the Target Company have therefore considered that the Target Group will have sufficient resources to meet its financial obligations as and when they fall due for a period of not less than twelve months from 31 December 2014 and are satisfied that it is appropriate to prepare the Financial Information on a going concern basis.

Basis of consolidation

The Financial Information includes the financial statements of the Target Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Target Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Target Group had directly disposed of the related assets or liabilities.

2.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Target Group

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Target Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Target Company's statement of profit or loss to the extent of dividends received and receivable. The Target Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Target Group, liabilities assumed by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. For each business combination, the Target Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Target Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Target Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Target Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Target Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Target Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Target Group measures its investment properties, derivative financial investments and equity investments at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, goodwill and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Target Groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises (only if there are revalued assets in the Financial Information), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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;

or

(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 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).

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal residual values and useful lives used for this purpose are as follows:

	Annual rate	**Estimated residual values**
Furniture, fixtures and equipment	18%	10%
Motor vehicles	18%	10%
Leasehold improvements	Over the shorter of lease terms and estimated useful period	–

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Software	3-5 years

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms. Subsidy from landlord for leasehold improvement is accounted for as rental incentive and the carrying amount is recorded as deferred income on the statement of financial position.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Target Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integrated part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, Available-for-sale investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the Available-for-sale investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Target Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Target Group is unable to trade these financial assets due to inactive markets, the Target Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets

The Target Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a Target Group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the Target Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Target Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale investments

For Available-for-sale investments, the Target Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Target Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank borrowings and long-term payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories comprise ingredients, consumables and food and beverages and are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and the associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following bases:

(a) from restaurant operations, when catering services have been provided to customers; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Target Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Target Group's operations. Employees (including directors) of the Target Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Target Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Target Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The employees of the Target Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Financial Information are presented in RMB, which is the Target Company's functional and presentation currency. Each entity in the Target Group determines its own functional currency and items included in the Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

The functional currencies of the Target Company and certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Target Group (RMB) at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing date.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Target Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Target Group's accounting policies, management has not made any significant judgement, apart from those involving estimations, which have significant effect on the amounts recognised in the Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Impairment of items of property and equipment

The management of the Target Company estimates the recoverable amount of items of property and equipment when an indication of impairment exists. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the management of the Target Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions selected by the management of the Target Company to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The carrying value of property and equipment at 31 December 2012, 2013 and 2014 was RMB461,512,000, RMB318,836,000 and RMB229,830,000. Further details are included in note 11 to the Financial Information.

(ii) Useful lives of property and equipment

The Target Group's management determines the estimated useful lives and the related depreciation charge for the Target Group's property and equipment. This estimate is based on the historical experience of the actual useful lives of property and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to accrued expense was RMB372,000 as at 31 December 2012, 2013 and 2014. The amount of unrecognised tax losses was RMB40,016,000, RMB47,816,000 and RMB59,268,000 as at 31 December 2012, 2013 and 2014, respectively. Further details are contained in note 22 to the Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Target Group has one reportable segment which is catering and related services. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation and performance assessment.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

Since over 90% of the Target Group's revenue is derived from customers in Mainland China and over 90% of the Target Group's assets are located in Mainland China. Accordingly, no geoghraphical segment information is presented.

Information about major customers

None of the Target Group's sales to a single customer accounted for 10% or more of the Target Group's revenue during the relevant periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Target Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, net of sales taxes and surcharges.

An analysis of revenue, other income and gains is as follows:

	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Restaurant operations	1,101,613	1,014,540	758,462
Less: Sale taxes and surcharges	(62,365)	(57,686)	(44,138)
Revenue, net	1,039,248	956,854	714,324

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Other income and gains			
Government grants	3,626	4,310	3,757
Bank interest income	238	366	–
Gain on disposal of items of property and equipment	–	258	91
Investment income	2,039	1,461	10
Others	1,022	1,081	804
	6,925	7,476	4,662

6. LOSS BEFORE TAX

The Target Group's loss before tax is arrived at after charging/(crediting):

		2012	2013	2014
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of inventories sold		369,030	361,444	274,209
Depreciation	11	87,215	68,750	62,663
Impairment of items of property and equipment	11	106,435	150,421	58,952
Amortisation	12	886	1,617	1,525
Minimum lease payments under operating leases in respect of land and buildings		141,410	163,981	171,485
Auditors' remuneration		1,120	1,180	900
(Gain)/loss on disposal of items of property and equipment	5	246	(258)	(91)
Employee benefit expense (including directors and supervisors' remuneration):				
Wages, salaries and bonuses		221,474	220,442	196,878
Social welfare and other costs		1,934	5,013	4,304
Equity-settled share based payment expense		–	1,082	98
Pension scheme contributions		19,400	20,963	20,697
		242,808	247,500	221,977

7. FINANCE COSTS

The finance costs in 2014 represented the interest for interest-bearing bank borrowings as disclosed in note 21.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Director's and chief executive's remuneration for the Relevant Periods disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	3,228	1,148	717
Share based payment	–	1082	98
Pension scheme contributions	–	21	14
	3,228	2,251	829
Total	3,228	2,251	829

2012	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Share Based payment *RMB'000*	Total *RMB'000*
Executive directors:					
Mr. Zhang Richard Xike*	–	–	–	–	–
Ms. Liu Yuanmo*	–	–	–	–	–
Mr. Wei Wei*	–	–	–	–	–
Mr. Alex Pellegrini**	–	–	–	–	–
Mr. Tsai Tson****	–	3,228	–	–	3,228
	–	3,228	–	–	3,228

2013	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Share Based payment *RMB'000*	Total *RMB'000*
Executive directors:					
Mr. Zhang Richard Xike*	–	–	–	–	–
Ms. Liu Yuanmo*	–	–	–	–	–
Mr. Wei Wei*	–	–	–	–	–
Mr. Alex Pellegrini**	–	–	–	–	–
Mr. Qin Miao***	–	1,148	21	1,082	2,251
	–	1,148	21	1,082	2,251

2014	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Share Based payment RMB'000	Total RMB'000
Executive directors:					
Mr. Zhang Richard Xike*	–	–	–	–	–
Ms. Liu Yuanmo*	–	–	–	–	–
Mr. Wei Wei*	–	–	–	–	–
Mr. Alex Pellegrini**	–	–	–	–	–
Mr. Qin Miao***	–	717	14	98	829
Chief executive:					
Mr. Zhou Zhen Xiang	–	187	3	–	190
	–	904	17	98	1,019

* Mr. Zhang, Ms. Liu and Mr. Wei were appointed as executive director on 25 July 2011.

** Mr. Pellegrini was appointed as executive director on 29 February 2012.

*** Mr. Miao was appointed as executive director on 11 April 2013 and also is the chief executive officer of the Target Company, he resigned the chief executive officer on 31 July 2014.

**** Mr. Tsai was appointed as executive director on 25 July 2011 and resigned on 3 September 2012 and also is the chief executive officer of the Target Company during that period.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

An analysis of the five highest paid employees within the Target Group during the Relevant Periods is as follows:

	2012 RMB'000	2013 RMB'000	2014 RMB'000
Directors and chief executive officer	3,228	2,251	829
Non-director and chief executive officer	2,930	3,351	3,105
	6,158	5,602	3,934

Details of the remuneration of the above non-director and non-chief executive officer, highest paid employees are as follow:

	2012 RMB'000	2013 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	2,896	3,280	3,037
Pension scheme contributions	34	71	68
	2,930	3,351	3,105

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2012	2013	2014
Nil to HK$1,000,000	4	4	4

10. INCOME TAX

The Target Group is subject to income tax on entity basis on profit arising in or derived from the tax jurisdictions in which members of the Target Group are domiciled and operate. The Target Group are not liable for income tax in Hong Kong as they did not have assessable income sourced from Hong Kong during the Relevant Periods.

The Target Company is a tax-exempted company incorporated in the British Virgin Islands.

Under the People's Republic of China (the "PRC") Corporate Income Tax Law (the "New CIT Law"), the income tax rate became 25% starting from 1 January 2008. Therefore, provision for the PRC income tax has been made at the applicable income tax rate of 25% on the assessable profits of the PRC Subsidiaries during the Relevant Periods.

	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Current Mainland China	15,448	8,348	2,380
Deferred *(Note 22)*	(20)	–	–
Total tax charge for the year	15,428	8,348	2,380

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the jurisdictions in which the Target Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2012		**2013**		**2014**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss before tax	(86,544)		(223,647)		(207,891)	
Tax at the statutory tax rate (25%)	(21,636)	25	(55,912)	25	(51,973)	25
Tax effect of non-deductible expenses	27,811	(32)	52,408	(23)	39,536	(19)
Unrecognised tax losses	10,010	(12)	11,954	(5)	14,817	(7)
Income not subject to tax	(757)	1	(102)	–	–	–
Tax charge at the Target Group's effective rate	15,428	(18)	8,348	(4)	2,380	(1)

11. PROPERTY AND EQUIPMENT

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2012					
At 31 December 2011 and 1 January 2012:					
Cost	563,160	170,444	16,612	1,080	751,296
Accumulated depreciation and impairment	(205,760)	(68,910)	(12,306)	–	(286,976)
Net carrying amount	357,400	101,534	4,306	1,080	464,320
At 1 January 2012, net of accumulated depreciation and impairment:	357,400	101,534	4,306	1,080	464,320
Additions	157,766	33,218	697	–	191,681
Disposals	–	(676)	(163)	–	(839)
Impairment	(106,435)	–	–	–	(106,435)
Depreciation provided during the year	(58,291)	(27,719)	(1,205)	–	(87,215)
At 31 December 2012, net of accumulated depreciation and impairment	350,440	106,357	3,635	1,080	461,512
At 31 December 2012:					
Cost	720,925	202,328	16,868	1,080	941,201
Accumulated depreciation and impairment	(370,485)	(95,971)	(13,233)	–	(479,689)
Net carrying amount	350,440	106,357	3,635	1,080	461,512

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2013					
At 31 December 2012 and 1 January 2013:					
Cost	720,925	202,328	16,868	1,080	941,201
Accumulated depreciation and impairment	(370,485)	(95,971)	(13,233)	–	(479,689)
Net carrying amount	350,440	106,357	3,635	1,080	461,512
At 1 January 2013, net of accumulated depreciation and impairment:	350,440	106,357	3,635	1,080	461,512
Additions	44,964	18,909	54	25,789	89,716
Disposals	(12,013)	(239)	(969)	–	(13,221)
Impairment	(149,531)	–	–	(890)	(150,421)
Depreciation provided during the year	(40,914)	(27,267)	(569)	–	(68,750)
Transfers	17,235	–	–	(17,235)	–
At 31 December 2013, net of accumulated depreciation and impairment	210,181	97,760	2,151	8,744	318,836
At 31 December 2013:					
Cost	712,526	220,659	10,450	9,634	953,269
Accumulated depreciation and impairment	(502,345)	(122,899)	(8,299)	(890)	(634,433)
Net carrying amount	210,181	97,760	2,151	8,744	318,836

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2014					
At 31 December 2013 and 1 January 2014:					
Cost	712,526	220,659	10,450	9,634	953,269
Accumulated depreciation and impairment	(502,345)	(122,899)	(8,299)	(890)	(634,433)
Net carrying amount	210,181	97,760	2,151	8,744	318,836
At 1 January 2014, net of accumulated depreciation and impairment:	210,181	97,760	2,151	8,744	318,836
Additions	17,389	9,282	–	13,068	39,739
Disposals	(2,117)	(4,481)	(532)	–	(7,130)
Impairment	(58,949)	–	–	(3)	(58,952)
Depreciation provided during the year	(32,171)	(29,992)	(500)	–	(62,663)
Transfers	16,773	4,692	–	(21,465)	–
At 31 December 2014, net of accumulated depreciation and impairment	151,106	77,261	1,119	344	229,830
At 31 December 2014:					
Cost	730,100	226,059	6,090	1,237	963,486
Accumulated depreciation and impairment	(578,994)	(148,798)	(4,971)	(893)	(733,656)
Net carrying amount	151,106	77,261	1,119	344	229,830

An impairment provision of RMB106,435,000, RMB150,421,000 and RMB58,952,000 was recognised in profit or loss for the years ended 31 December 2012, 2013 and 2014.

12. OTHER INTANGIBLE ASSETS

	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*
Software			
Cost:			
At 1 January	2,030	5,182	8,023
Additions	3,152	2,841	676
At 31 December	5,182	8,023	8,699
Accumulated amortisation:			
At 1 January	1,068	1,954	3,571
Amortisation provided during the year	886	1,617	1,525
Impairment	216	331	274
At 31 December	2,170	3,902	5,370
Net book value:			
At 31 December	3,012	4,121	3,329

13. LONG-TERM RENTAL DEPOSITS AND LONG-TERM PAYABLES

(a) Long-term rental deposits

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Long-term rental deposits	19,625	21,585	17,757

The long-term rental deposits represented the rental deposits paid to the various landlords with lease terms that will expire more than one year after the end of the reporting period.

(b) Long-term payables

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Long-term portion of accrued rental	19,116	41,127	71,281
Long-term payable for leasehold improvements	7,697	6,203	5,498
	26,813	47,330	76,779

14. INVENTORIES

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Food and beverages, and other operating items for catering and related service operations	40,611	19,643	16,180

15. TRADE RECEIVABLES

The Target Group's trade receivables represent balances due from credit card companies and corporate customers, which are normally settled in the following month. In view of the aforementioned, there is no significant concentration of credit risk. The Target Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at the end of the reporting period, all trade receivables of the Target Group were neither past due nor impaired.

No provision for impairment of trade receivables was made as at 31 December 2012, 2013 and 2014. Receivables that were neither past due nor impaired mainly relate to a number of corporate customers for whom there was no recent history of default.

An aged analysis of the trade receivables as at the end of each Relevant Periods based on the recognition date is as follows:

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	10,168	6,255	1,178
1 to 2 months	1,542	3,665	2,083
2 to 3 months	946	1,876	4,588
Over 3 months	1,514	5,881	3,160
	14,170	17,677	11,009

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	14,170	17,677	11,009

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Deposits	2,761	4,114	8,105
Other receivables	3,470	4,263	1,129
Prepaid expense	24,209	38,833	24,505
Prepayments to suppliers	11,131	5,938	6,808
Other tax recoverable	1,364	5,427	5,405
	42,935	58,575	45,952

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Unlisted fund investments, at cost	85,000	–	–

As at 31 December 2012, the available-for-sale investments were stated at cost less impairment. The Directors are of the opinion that their fair values cannot be measured reliably.

18. CASH AND CASH EQUIVALENTS

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	69,289	39,922	56,140

The Target Group's cash and bank balances at each reporting date are denominated in the following currencies:

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
RMB	66,737	37,804	54,970
US$	1,287	1,250	1,170
HK$	1,265	868	–
	69,289	39,922	56,140

At 31 December 2012, 2013 and 2014, all the cash and bank balances of the Target Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Target Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

19. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of reporting period, based on the invoice date, is as follows:

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	109,229	89,960	78,981
3 months to 1 year	14,202	13,590	24,374
Over 1 years	6,306	7,598	13,534
	129,737	111,148	116,889

The trade payables are non-interest-bearing and normally settled on terms of up to 85 days.

20. OTHER PAYABLES AND ACCRUALS

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Staff costs payables	23,126	31,768	25,130
Payables for purchase of property and equipment	43,708	34,547	16,220
Accruals	30,324	30,359	24,056
Other payables	14,588	9,160	11,014
Advance from customers	453,350	438,010	427,643
	565,096	543,844	504,063

Target Company

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Staff costs payables	1,137	1,904	4,204
Accruals	1,113	4,830	6,986
Payables to former Controlling shareholder	3,993	–	–
	6,243	6,734	11,190

Other payables are unsecured, non-interest-bearing and repayable on demand.

21. INTEREST-BEARING BANK BORROWINGS

	2012			2013			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans- unsecured	–	–	–	–	–	–	6.72-7.20	2015	30,000
			–			–			30,000

The bank loans as at 31 December 2014 are denominated in RMB. The bank loans bear interest at floating rates.

22. DEFERRED TAX

Deferred tax assets

	Accrued expense *RMB'000*
At 1 January 2012	352
Deferred tax credited/(charged) to profit or loss during the year *(Note 10)*	20
Gross deferred tax assets at 31 December 2012 and 1 January 2013	372
Deferred tax credited/(charged) to profit or loss during the year *(Note 10)*	–
Gross deferred tax assets at 31 December 2013	372
Deferred tax credited/(charged) to profit or loss during the year *(Note 10)*	–
Gross deferred tax assets at 31 December 2014	372

The Target Group has tax losses arising in Mainland China of RMB40,016,000, RMB47,816,000 and RMB59,268,000 for the years ended 31 December 2012, 2013 and 2014, respectively, that will expire in one to five years for offseting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Target Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2012, 2013 and 2014, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Target Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Target Company to its shareholders.

23. SHARE CAPITAL

	Numbers of shares in issue	Share capital *US$*	Total *US$*	Equivalent to *RMB' 000*
At 1 January 2012, 31 December 2012, 31 December 2013 and 1 January 2014	100,000	100	100	1
Issue of shares *(Note (a))*	15,000,001,000	15,000,001	15,000,001	92,463
At 31 December 2014	15,000,101,000	15,000,101	15,000,101	92,464

Notes:

Pursuant to an ordinary resolution passed on 29 July 2014, the Target Company issued 15,000,000,000 shares and 1,000 shares of US$0.001 each to BFT Acquisition Guernsey L.P. Inc. (the "Controlling Shareholder") and its executive director, Mr. Qin Miao at cash consideration of US$15,000,000 and US$1 respectively.

24. RESERVES

(a) Target Group

(i) Statutory surplus reserve

In accordance with the Target Company Law of the PRC and the respective articles of association of the Target Group companies, companies that are domiciled in the PRC are required to allocate 10% of their profit after tax after offsetting accumulated losses brought forward, if any, as determined in accordance with PRC GAAP, to the statutory surplus reserve until such reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders. Statutory surplus reserve is non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the Financial Information of companies outside Mainland China. The reserve is dealt with in accordance with the accounting policy set out in note 2.3 of Section II to the Financial Information.

(b) Target Company

	Share capital	Capital reserve	Share based payment reserve	Exchange fluctuation reserve	Retained earnings/ (accumulate loss)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	1	–	1,507	–	(1,189)	319
Total comprehensive income for the year	–	–	–	–	3,028	3,028
Contribution from Controlling Shareholder	–	50,295	–	–	–	50,295
At 31 December 2012 and 1 January 2013	1	50,295	1,507	–	1,839	53,642
Total comprehensive income for the year	–	–	–	–	407	407
Equity-settled share based payment arrangements	–	–	1,082	–	–	1,082
Exchange reserve	–	–	–	156	–	156
At 31 December 2013 and 1 January 2014	1	50,295	2,589	156	2,246	55,287
Total comprehensive income for the year	–	–	–	–	(3,517)	(3,517)
Equity-settled share based payment arrangements	–	–	98	–	–	98
Issue of shares	92,463	–	–	–	–	92,463
Exchange reserve	–	–	–	(1,602)	–	(1,602)
At 31 December 2014	92,464	50,295	2,687	(1,446)	(1,271)	142,729

25. RELATED PARTY TRANSACTIONS AND BALANCES

The Controlling Shareholder of the Target Group and the companies controlled by it are regarded as related parties of the Target Group.

(a) The Target Group did not have transactions with related parties during the years ended 31 December 2012, 2013 and 2014.

(b) Compensation of key management personnel

The compensation of key management personnel of the Target Group represents directors' remuneration as disclosed in note 8 to the Financial Information.

26. COMMITMENTS

Operating lease commitments

Future minimum rentals payable under non-cancelable operating leases in respect of land and buildings as at the end of the reporting period are as follows:

As lessee

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Within one year	107,710	137,052	134,572
In the second to fifth years, inclusive	392,586	535,993	505,756
After five years	826,958	835,505	715,897
	1,327,254	1,508,550	1,356,225

27. INVESTMENTS IN SUBSIDIARIES

Target Company

	2012	2013	2014
Unlisted shares, at cost (US$)	5	5	5
Equivalent to RMB'000	–	–	–

Particulars of all subsidiaries of the Target Company are set out in note 1 of Section II above.

28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2012 **Target Group**

Financial assets	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	–	85,000	85,000
Trade receivables	14,170	–	14,170
Financial assets included in prepayments, deposits and other receivables	31,804	–	31,804
Long-term rental deposits	19,625	–	19,625
Cash and cash equivalents	69,289	–	69,289
	134,888	85,000	219,888

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Long-term payables	26,813
Trade and bills payables	129,737
Interest-bearing bank borrowings	–
Financial liabilities included in other payables and accruals	111,745
	268,295

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2013

Financial assets	**Target Group** **Loans and receivables** *RMB'000*
Trade receivables	17,677
Financial assets included in prepayments, deposits and other receivables	52,637
Long-term rental deposits	21,585
Cash and cash equivalents	39,922
	131,821

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Long-term payables	47,330
Trade and bills payables	111,148
Interest-bearing bank borrowings	–
Financial liabilities included in other payables and accruals	105,834
	264,312

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2014 **Target Group**

Financial assets	**Loans and receivables**
	RMB'000
Trade receivables	11,009
Financial assets included in prepayments, deposits and other receivables	39,144
Long-term rental deposits	17,757
Cash and cash equivalents	56,140
	124,050

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Long-term payables	76,779
Trade and bills payables	116,889
Interest-bearing bank borrowings	30,000
Financial liabilities included in other payables and accruals	76,420
	300,088

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2012 **Target Company**

Financial assets	**Loans and receivables**
	RMB'000
Due from subsidiaries	59,810
Financial assets included in prepayments, deposits and other receivables	3
Cash and cash equivalents	72
	59,885

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	6,243
	6,243

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2013

Target Company	
Financial assets	**Loans and receivables** *RMB'000*
Due from subsidiaries	60,707
Financial assets included in prepayments, deposits and other receivables	210
Cash and cash equivalents	1,104
	62,021

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals	6,734
	6,734

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2014

Target Company	
Financial assets	**Loans and receivables** *RMB'000*
Due from subsidiaries	152,215
Financial assets included in prepayments, deposits and other receivables	210
Cash and cash equivalents	1,494
	153,919

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals	11,190
	11,190

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, available-for-sale investments, long-term rental deposits, interest-bearing bank borrowings and long-term payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which are also approximate to their carrying amounts. The Target Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2014 was assessed to be insignificant.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments, other than derivatives, comprise available-for-sale investments, long-term rental deposits, trade receivables, financial assets included in prepayments, deposits and other receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Target Group's operation. The Target Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Target Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the US$ and HK$ exchange rate, with all other variables held constant, of the Target Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in US$ rate	**Increase/ (decrease) in loss before tax**
	%	*RMB'000*
31 December 2012		
If RMB weakens against the US$	(5)	(10)
If RMB strengthens against the US$	5	10
31 December 2013		
If RMB weakens against the US$	(5)	(10)
If RMB strengthens against the US$	5	10
31 December 2014		
If RMB weakens against the US$	(5)	(10)
If RMB strengthens against the US$	5	10

	Increase/ (decrease) in HK$ rate	Increase/ (decrease) in loss before tax
	%	*RMB'000*
31 December 2012		
If RMB weakens against the HK$	(5)	(78)
If RMB strengthens against the HK$	5	78
31 December 2013		
If RMB weakens against the HK$	(5)	(55)
If RMB strengthens against the HK$	5	55
31 December 2014		
If RMB weakens against the HK$	(5)	–
If RMB strengthens against the HK$	5	–

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rate relates to the Target Group's interest-bearing bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's loss before tax.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
	%	*RMB'000*
31 December 2012		
RMB	(5)	–
RMB	5	–
31 December 2013		
RMB	(5)	–
RMB	5	–
31 December 2014		
RMB	(5)	101
RMB	5	(101)

Credit risk

The Target Group trades with a large number of diversified customers and trading terms are mainly on cash and credit card settlement; hence, there is no significant concentration of credit risk.

The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents, short-term investments, trade receivables, other receivables, deposits and prepayments and long-term rental deposits included in the consolidated Financial Information arise from default of counterparty with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 December 2012, 2013 and 2014, all cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

The Target Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Target Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Target Group's financial liabilities as at the end of each the reporting period, based on contractual undiscounted payments, is as follows:

	31 December 2012				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	–	109,229	14,202	6,306	129,737
Financial liabilities included in other payables and accruals	111,745	–	–	–	111,745
Long-term payables	–	–	–	26,813	26,813
	111,745	109,229	14,202	33,119	268,295

	31 December 2013				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	–	89,960	13,590	7,598	111,148
Financial liabilities included in other payables and accruals	105,834	–	–	–	105,834
Long-term payables	–	–	–	47,330	47,330
	105,834	89,960	13,590	54,928	264,312

	31 December 2014				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	–	78,981	24,374	13,534	116,889
Interest-bearing bank borrowings	–	15,090	15,717	–	30,807
Financial liabilities included in other payables and accruals	76,420	–	–	–	76,420
Long-term payables	–	–	–	76,779	76,779
	76,420	94,071	40,091	90,313	300,895

Capital management

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares. No changes in the objectives, policies or processes for managing capital during the years ended 31 December 2012, 2013 and 2014.

The Target Group monitors capital using a gearing ratio, which is net debt divided by total assets. Net debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals less cash and cash equivalents. Total assets represents non-current assets and current assets. The Target Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods were as follows:

	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	–	–	30,000
Trade and bills payables	129,737	111,148	116,889
Other payables and accruals	565,096	543,844	504,063
Less: Cash and cash equivalents	(69,289)	(39,922)	(56,140)
Net debt	625,544	615,070	594,812
Total assets	736,526	480,731	380,569
Gearing ratio	85%	128%	156%

31. EVENTS AFTER THE REPORTING PERIOD

A restricted share transfer agreement dated as of February 6, 2015 has been made by and between the Controlling Shareholder of the Target Group, BFT Acquisition Guernsey L.P. Inc., (the "Transferor"), Mr. Zhou Zhen Xiang, who is an employee of the Target Company (the "Employee") and Grace Investment Limited, a company incorporated in the British Virgin Islands (the "Transferee") and wholly owned by the Employee. The Transferor agreed to sell to the Transferee an aggregate of 750,005,000 shares, at a price of approximately HK$0.002964815 per share, amounting to an aggregate purchase price of HK$2,223,626 (equivalent of RMB1,760,000).

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2014.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

The Target Company is an investment holding company incorporated in BVI with limited liability on 18 February 2011. As at 31 December 2013 and 31 December 2014, the consolidated net liabilities of the Target Group was approximately RMB326.7 million and RMB443.7 million respectively. As at 31 December 2013 and 31 December 2014, the Target Company and its subsidiaries had no capital commitment, charge on assets or contingent liability. The Target Company and its subsidiaries had no significant investment, material acquisition or disposal within three years ended as at 31 December 2014.

Set out below is the management discussion and analysis of the operating results and business review of the Target Group for each of the three years ended 31 December 2012, 2013 and 2014.

For the year ended 31 December 2012

Business review

For the year ended 31 December 2012, turnover of the Target Group was approximately RMB1,039.2 million. The turnover is all from its PRC operation of restaurant and related services.

For the year ended 31 December 2012, gross profit and gross profit margin of the Target Group was approximately RMB670.2 million and approximately 65%.

Liquidity and financial resources

As at 31 December 2012, the net current liabilities of the Target Group were approximately RMB468.6 million. The current assets mainly comprised of available-for-sale investments of approximately RMB85.0 million and trade and other receivables of approximately RMB57.1 million, as well as cash and cash equivalents of approximately RMB69.3 million. The current liabilities mainly comprised of trade and other payables of approximately RMB694.8 million. The Target Group does not have any borrowings as at 31 December 2012.

Gearing ratio

The gearing ratio, represented by net debt (including trade payables, other payables and accruals, less cash) as a percentage of total assets, was approximately 85% as at 31 December 2012.

Capital commitments

As at 31 December 2012, the Target Group had no material capital commitment.

Significant investment, material acquisition and disposals

The Target Group had available-for-sale investments amounting to RMB85.0 million and opened 4 stores during the year ended 31 December 2012.

Charge on assets

There was no charge on assets of the Target Group as at 31 December 2012.

Remuneration policies and employee information

As at 31 December 2012, the Target Group had 5,782 employees. Total staff costs for the year ended 31 December 2012 were approximately RMB242.8 million. The Target Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. The Target Group also provides various training to the employees periodically. The Target Group had no share option scheme for the year ended 31 December 2012.

Foreign exchange exposure and treasury policies

The Target Group had limited foreign currency exposures arising from the transactions, assets and liabilities that are denominated in a currency other than the respective functional currencies of the entities comprising the Target Group. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the year ended 31 December 2012. The Target Group adopted centralized treasury policies in cash and financial management.

Contingent liabilities

As at 31 December 2012, the Target Group had no material contingent liabilities.

Segmental information

There was only one business component in the internal reporting to the executive directors, which was the restaurant and related services. The Target Group's assets and capital expenditure were principally attributable to this business component. The principal place of operation of the Target Group was PRC and all non-current assets of the Target Group were located in the PRC for the year ended 31 December 2012.

For the year ended 31 December 2013

Business review

For the year ended 31 December 2013, turnover of the Target Group was approximately RMB956.9 million. The turnover is all from its PRC operation of restaurant and related services. The turnover for the year ended 31 December 2013 is lower compared to that for the years ended 31 December 2012 mainly due to weaker China macro and dampened consumer sentiment from 2013 impacted by the government policy, increasing competition within the restaurant sector and relatively weak sales performance in lower tier cities.

For the year ended 31 December 2013, gross profit and gross profit margin of the Target Group was approximately RMB595.4 million and approximately 62%. The gross profit for the year ended 31 December 2013 decreased by 11.2% compares to 2012 mainly attributable to declining turnover and rising food cost.

Liquidity and financial resources

As at 31 December 2013, the net current liabilities of the Target Group were approximately RMB542.4 million. The current assets mainly comprised of cash and cash equivalents of approximately RMB39.9 million and trade and other receivables of approximately RMB76.3 million. The current liabilities mainly comprised of trade and other payables of approximately RMB655.0 million. The Target Group does not have any borrowings as at 31 December 2013.

Gearing ratio

The gearing ratio, represented by net debt (including trade payables, other payables and accruals, less cash) as a percentage of total assets, was approximately 128% as at 31 December 2013.

Capital commitments

As at 31 December 2013, the Target Group had no material capital commitment.

Significant investment, material acquisition and disposals

The Target Group did not have any significant investments and opened 6 stores during the year ended 31 December 2013.

Charge on assets

There was no charge on assets of the Target Group as at 31 December 2013.

Remuneration policies and employee information

As at 31 December 2013, the Target Group had 4,118 employees. Total staff costs for the year ended 31 December 2013 were approximately RMB247.5 million. The Target Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. The Target Group also provides various training to the employees periodically. On 1 February 2013, the Target Group granted 1,000 shares to its CEO, Mr. Qin Miao at that time and the vesting period for this share award is from 1 February 2013 to 31 January 2014.

Foreign exchange exposure and treasury policies

The Target Group had limited foreign currency exposures arising from the transactions, assets and liabilities that are denominated in a currency other than the respective functional currencies of the entities comprising the Target Group. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the year ended 31 December 2013. The Target Group adopted centralized treasury policies in cash and financial management.

Contingent liabilities

As at 31 December 2013, the Target Group had no material contingent liabilities.

Segmental information

There was only one business component in the internal reporting to the executive directors, which was the restaurant and related services. The Target Group's assets and capital expenditure were principally attributable to this business component. The principal place of operation of the Target Group was PRC and all non-current assets of the Target Group were located in the PRC for the year ended 31 December 2013.

For the year ended 31 December 2014

Business review

For the year ended 31 December 2014, turnover of the Target Group was approximately RMB714.3 million. The turnover is all from its PRC operation of restaurant and related services. The turnover for the year ended 31 December 2014 decreased by 25% compared to that for the year ended 31 December 2013 mainly due to weaker China macro and continued dampened consumer sentiment from 2013 impacted by the government policy, increasing competition in the restaurant sector and relatively weak sales performance in lower tier cities.

For the year ended 31 December 2014, gross profit and gross profit margin of the Target Group was approximately RMB440.1 million and approximately 62%. The gross profit for the year ended 31 December 2014 decreased by 26% mainly due to declining turnover and rising food cost.

Liquidity and financial resources

As at 31 December 2014, the net current liabilities of the Target Group were approximately RMB543.5 million. The current assets mainly comprised of cash and cash equivalents of approximately RMB56.1 million and trade and other receivables of approximately RMB57.0 million. The current liabilities mainly comprised of trade and other payables of approximately RMB621.0 million. The Target Group had bank borrowing amounting to RMB30 million as at 31 December 2014.

Gearing ratio

The gearing ratio, represented by net debt (including interest bearing bank borrowings, trade payables, other payables and accruals, less cash) as a percentage of total assets, was approximately 156% as at 31 December 2014.

Capital commitments

As at 31 December 2014, the Target Group had no material capital commitment.

Significant investment, material acquisition and disposals

The Target Group did not have any significant investments and opened 2 stores and closed 3 stores during the year ended 31 December 2014.

Charge on assets

There was no charge on assets of the Target Group as at 31 December 2014.

Remuneration policies and employee information

As at 31 December 2014, the Target Group had 3,235 employees. Total staff costs for the year ended 31 December 2014 were approximately RMB222.0 million. The Target Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. The Target Group also provides various training to the employees periodically. As illustrated above, on 1 February 2013, the Target Group granted 1,000 shares to its CEO, Mr. Qin Miao at that time and the vesting period for this share award is from 1 February 2013 to 31 January 2014.

Foreign exchange exposure and treasury policies

The Target Group had limited foreign currency exposures arising from the transactions, assets and liabilities that are denominated in a currency other than the respective functional currencies of the entities comprising the Target Group. Accordingly, no financial instrument for hedging of foreign currency risk was used by the Target Group during the year ended 31 December 2014. The Target Group adopted centralized treasury policies in cash and financial management.

Contingent liabilities

As at 31 December 2014, the Target Group had no material contingent liabilities.

Segmental information

There was only one business component in the internal reporting to the executive directors, which was the restaurant and related services. The Target Group's assets and capital expenditure were principally attributable to this business component. The principal place of operation of the Target Group was PRC and all non-current assets of the Target Group were located in the PRC for the year ended 31 December 2014.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION

(i) Basis of preparation of the unaudited pro forma financial information of the Enlarged Group

The information set out below is for illustrative purpose only and does not form part of the accountants' report prepared by the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix II to this circular.

To provide additional financial information, the unaudited pro forma consolidated statement of financial position (the "Unaudited Pro Forma Financial Information") of the Enlarged Group (being the Company and its subsidiaries (the "Group") together with Nice Race Management Limited and its subsidiaries (the "Target Group") as at 31 December 2014 has been prepared based on:

(a) the historical audited consolidated statement of financial position of the Group as at 31 December 2014 which has been extracted from the annual report ended 31 December 2014 of the Company;

(b) the consolidated statement of financial position of the Target Group as at 31 December 2014 which has been extracted from the accountant's report in Appendix II to this circular, and

(c) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the proposed acquisition might have affected the historical financial information in respect of the Group as if the proposed acquisition had been completed on 31 December 2014.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the Accountants' Report on the Target Group as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is 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 as at 31 December 2014 or at any future date.

(ii) Unaudited Pro Forma Financial Information of the Enlarged Group

	The Group as at 31 December 2014	The Target Group as at 31 December 2014		Unaudited Pro Forma Adjustments				Unaudited Pro Forma Enlarged Group as at 31 December 2014
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*				*HK$'000*
		(Note 1)		*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
NON-CURRENT ASSETS								
Property, plant and equipment	4,115,332	229,830	290,446	–	–	–	–	4,405,778
Investment properties	4,203,210	–	–	–	–	–	–	4,203,210
Interest in associates	97,843	–	–	–	–	–	–	97,843
Interest in a subsidiary	–	–	–	253,410	263,739	–	(517,149)	–
Goodwill	–	–	–	–	–	–	619,579	619,579
Other intangible assets	–	3,329	4,207	–	–	194,616	–	198,823
Long-term rental deposit	–	17,757	22,440	–	–	–	–	22,440
Deferred income tax assets	–	372	470	–	–	–	–	470
Total non-current assets	8,416,385	251,288	317,563	253,410	263,739	194,616	102,430	9,548,143
CURRENT ASSETS								
Inventories	–	16,180	20,447	–	–	–	–	20,447
Properties for sale	4,953,942	–	–	–	–	–	–	4,953,942
Trade receivable	48,973	11,009	13,912	–	–	–	–	62,885
Prepayments and other receivables	2,699,627	45,952	58,072	–	–	–	–	2,757,699
Pledged bank deposits	107,418	–	–	–	–	–	–	107,418
Cash and cash equivalents	1,310,561	56,140	70,947	(12,670)	–	–	–	1,368,838
Total current assets	9,120,521	129,281	163,378	(12,670)	–	–	–	9,271,229
CURRENT LIABILITIES								
Trade and bills payable	1,437,145	116,889	147,718	–	–	–	–	1,584,863
Deposits from sale of properties	207,067	–	–	–	–	–	–	207,067
Accruals and other payables	510,800	504,063	637,006	–	–	–	–	1,147,806
Amounts due to non-controlling interests	429,990	–	–	–	–	–	–	429,990
Amount due to a related company	66,852	–	–	–	–	–	–	66,852
Current income tax liabilities	3,215	21,863	27,629	–	–	–	–	30,844
Finance lease – current portions	311	–	–	–	–	–	–	311
Bank borrowings	2,188,803	30,000	37,912	–	–	–	–	2,226,715
Total current liabilities	4,844,183	672,815	850,265	–	–	–	–	5,694,448
NET CURRENT ASSETS/(LIABILITIES)	4,276,338	(543,534)	(686,887)	(12,670)	–	–	–	3,576,781
TOTAL ASSETS LESS CURRENT LIABILITIES	12,692,723	(292,246)	(369,324)	240,740	263,739	194,616	102,430	13,124,924
NON-CURRENT LIABILITIES								
Borrowings	4,296,671	–	–	–	–	–	–	4,296,671
Finance lease	1,003	–	–	–	–	–	–	1,003
Deferred tax liabilities	1,633,847	–	–	–	–	–	–	1,633,847
Convertible notes	147,499	–	–	240,740	–	–	–	388,239
Deferred income	–	74,724	94,432	–	–	–	–	94,432
Long-term payables	–	76,779	97,029	–	–	–	–	97,029
Total non-current liabilities	6,079,020	151,503	191,461	240,740	–	–	–	6,511,221
Net assets	6,613,703	(443,749)	(560,785)	–	263,739	194,616	102,430	6,613,703
EQUITY								
Equity attributable to owners of the parent								
Share capital	2,755,777	92,464	116,851	–	121,116	–	(237,967)	2,755,777
Reserves	1,835,622	(536,213)	(677,636)	–	142,623	194,616	340,397	1,835,622
	4,591,399	(443,749)	(560,785)	–	263,739	194,616	102,430	4,591,399
Non-controlling interests	2,022,304	–	–	–	–	–	–	2,022,304
Total equity	6,613,703	(443,749)	(560,785)	–	263,739	194,616	102,430	6,613,703

(iii) Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The consolidated statement of financial position of the Target Group and other items denominated in Renminbi are translated into Hong Kong dollars at the approximate exchange rate of to HK$1 to RMB0.7913, for illustration purpose only and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

2. Pursuant to the Sale and Purchase Agreement, the pro forma adjustment represents the consideration of HK$253,410,000 (including convertible notes consideration of HK$240,740,000 and cash consideration of HK$12,670,000) to acquire 99.9999% shares of the Target Group made by the Group.

3. Pursuant to the Share Purchase and Subscription Agreement, the pro forma adjustment represents a total of 15,612,350,020 Subscription Shares at the consideration of US$33,997,000 (equivalent to HK$263,739,000), representing approximately 51% of the issued share capital of the Target Company as enlarged by the allotment and issue of the Subscription Shares immediately after Closing.

4. The pro forma adjustment reflects fair value adjustment of the identifiable assets and liabilities of the Target Group. Upon Closing of the proposed acquisitions of the 99.9999% of the total equity interest in the Target Group (the "Acquisition"), the identifiable assets and liabilities of the Target Group will be accounted for in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations".

   The Directors estimated the fair value of trademark in other intangible assets as at 31 December 2014 to be RMB154,000,000 (equivalent to HK$194,616,000) based on the valuation result performed by independent valuer APAC Asset Valuation and Consulting Limited. The valuer has adopted the relief from royalty method for the valuation of trademark. This valuation methodology is based on the assumption that the Target Company would have to pay a royalty payment if the Target Company did not have the legal right to utilize trademark.

   As the carrying amount of trademark to be nil, the Directors adjusted RMB154,000,000 (equivalent to HK$194,616,000) to the other intangible assets. The fair value of the identifiable net liabilities of the Target Group is calculated as follows:

	HK$'000
The carrying amount of the net liabilities of the Target Group as at 31 December 2014	(560,785)
Fair value adjustment of other intangible assets	194,616
Fair value of the identifiable net liabilities of the Target Group	(366,169)

According to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the trademark relates. Where the recoverable amount of trademark is less than the carrying amount, an impairment loss will be recognized.

In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the Directors had performed an impairment assessment of the Trademark in accordance with HKAS 36 Impairment of Assets and the Group's accounting policy. Based on the impairment test, the recoverable amount of trademark exceeds its carrying amount and accordingly, no pro forma adjustment in respect of trademark impairment is made by the Directors in the Unaudited Pro Forma Financial Information for the Enlarged Group. However, should there be any adverse changes to the business of the Target Company, including but not limited to, any subsequent adverse changes in the operation, impairment may be required to be recognized against the trademark in accordance with HKAS 36 and the Group's accounting policy.

Such fair value of the identifiable assets and liabilities of the Target Group will be reassessed on the Closing date of the Acquisition. The fair values of the identifiable assets and liabilities being acquired may be subject to change after further assessment by the Directors at the Closing date.

5. Goodwill of the Enlarged Group represents the excess of the cost of the Acquisition over the estimated fair value of the identifiable net liabilities of the Target Group. For the purpose of this Unaudited Pro Forma Financial Information, the Directors of the Company had assumed that: (1) the consideration of the Acquisition was HK$253,410,000 as set out in Note 2 above, which pursuant to the Agreement; (2) the Directors estimated the fair value of convertible notes consideration as at 31 December 2014 to be HK$240,740,000 based on the valuation result performed by independent valuer APAC Asset Valuation and Consulting Limited and concluded that the entire amount of the convertible notes to be recognized as liability; (3) the non-controlling interests represented 0.0001% shares of the Target Group, which are calculated by 0.0001% multiplied with the fair value of identifiable net liabilities acquired set out in Note 4 above, and (4) the estimated fair value of the identifiable net liabilities of the Target Group as at 31 December 2014 is set out in Note 4 above. The goodwill arising from the Acquisition is calculated as follows:

	HK$'000
The consideration of the Acquisition	253,410
Non-controlling interests	–
Fair value of identifiable net liabilities acquired	366,169
Goodwill arising from the Acquisition (the "Goodwill")	619,579

The Directors confirm that the basis used in the preparation of the Unaudited Pro Forma Financial Information is consistent with the accounting policies of the Group, and the accounting policies and the principal assumptions will be consistently adopted in the first set of the financial statements of the Company after the Closing.

Since the fair value of the identifiable net liabilities of the Target Group at the date of the Closing of the Acquisition may be substantially different from the respective value used in the unaudited pro forma statement of assets and liabilities of the Enlarged Group, the goodwill recognized at the Closing date of the Acquisition may be different from the amount presented above.

According to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the Goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for the Goodwill will not be reversed in a subsequent period.

In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the Directors had performed an impairment assessment of the Goodwill in accordance with HKAS 36 Impairment of Assets and the Group's accounting policy. Based on the impairment test, the recoverable amount of the cash-generating unit in which the Target Company was assigned exceeds its carrying amount and accordingly, no pro forma adjustment in respect of goodwill impairment is made by the Directors in the Unaudited Pro Forma Financial Information for the Enlarged Group. Such assessment assumed that (i) there are no major material adverse changes in the fair values of the assets and liabilities; and (ii) the identifiable assets and liabilities can be realised at their book values. However, should there be any adverse changes to the business of the Target Company, including but not limited to, any subsequent adverse changes in the operation, impairment may be required to be recognized against the Goodwill in accordance with HKAS 36 and the Group's accounting policy.

Goodwill acquired through the Acquisition is allocated to the restaurant cash-generating unit for impairment testing. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14%.

The growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period from the end of the reporting period is 3% for all years. This growth rate is below the average growth rate of the retail industry for the past 10 years. Senior management of the Company believes that using a lower growth rate is a more conservative and reliable choice for the purpose of this impairment testing.

Assumptions were used in the value in use calculation of the restaurant cash-generating unit. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Restaurant revenue:

The basis used to determine the future earnings potential are average historical sales and expected growth rates of the catering market in Mainland China.

Gross margins:

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Expenses:

The basic factors used to determine the values assigned are staff costs, rental expenses and other expenses. Values assigned to the key assumptions reflect past experience and management's commitment to maintain the Company's operating expenses at an acceptable level.

Discount rate:

The discount rate used is pre-tax and reflects management's estimate of the risks specific to the cash-generating unit. In determining an appropriate discount rate for the unit, regard has been given to the applicable borrowing rate of the industry in the current year.

The reporting accountants have conducted their engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus* and considered that the goodwill impairment test performed by the Directors is consistent with the Company's applicable financial reporting framework and its accounting policies under that framework.

The Company will adopt consistent accounting policies for impairment tests of goodwill and intangible assets in future. The Company's auditor will review the Company's assessment on impairment of goodwill and intangible assets in accordance with Hong Kong Standards on Auditing at the end of each reporting period for the purposes of its audit in future.

6. The expense of professional services related to the Acquisition is not adjusted in the Unaudited Pro Forma Financial Information as it is immaterial comparing to the consideration. No other adjustments have been made to reflect any trading results or other transactions of the Group and the Target Group subsequent to 31 December 2014.

EY 安永

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30 June 2015

The Directors

Carnival Group International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Carnival Group International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), and Nice Race Management Limited (the "Target Company") and its subsidiaries (collectively, the "Target Group") (the Group and the Target Group are collectively referred to as the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2014, and related notes as set out in Appendix IV of the circular dated 30 June 2015 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information") in connection with the proposed acquisition (the "Proposed Acquisition") of 99.9999% of equity interest of the Target Group by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A(i) of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 31 December 2014 as if the transaction had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2014 as set out in the annual report of the Company dated 13 March 2015. Information about the Target Group's financial position has been extracted by the Directors from the financial information of the Target Group for the year ended 31 December 2014 (on which accountants' reports have been published in Appendix II to the Circular).

Directors' responsibility for the Pro Forma Financial Information

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

Reporting accountants' responsibilities

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

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

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

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if the Proposed Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition 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 Proposed Acquisition, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Proposed Acquisition 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 of the Company on the basis stated;

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

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

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company or any associated corporation (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 (including interests which they were taken or deemed to have under such provisions of the SFO), or 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 Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity	Long position/ Short position	Ordinary shares (no. of shares)	Derivative shares (no. of shares)	Total number of shares held	Approximate percentage of the issued share capital of the Company	*Notes*
Mr. King Pak Fu ("**Mr. King**")	Interest of controlled corporations	Long position	10,398,491,403	743,494,423	11,141,985,826	78.8	1
Mr. Leung Wing Cheong Eric ("**Mr. Leung**")	Beneficial owner	Long position	–	266,927,680	266,927,680	1.89	2

Notes:

1. (i) 6,125,279,787 ordinary shares and 743,494,423 derivative shares are held through Better Joint Venture Limited ("**Better Joint**"), a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. King; (ii) 1,486,988,846 ordinary shares are held through Glory Merit International Holdings Limited ("**Glory Merit**"), a company incorporated in the BVI with limited liability which is beneficially owned as to 99% by Mr. King; (iii) 2,031,482,970 ordinary shares are held through Elite Mile Investments Limited ("**Elite Mile**"), a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. King; and (iv) 754,739,800 ordinary shares are held by Sino Wealthy Limited. Sino Wealthy is indirectly wholly and beneficially owned by Forefront Group Limited, whereby Mr. King is interested in 70.71% in Forefront Group Limited.

2. These 266,927,680 shares are derived from the interest in 266,927,680 share options granted by the Company to Mr. Leung exercisable into 266,927,680 ordinary shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 December 2014 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

Share Options

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 31 May 2013, the Company adopted the share option scheme ("**Share Option Scheme**"). The purpose of the Share Option Scheme was to provide incentives to eligible participants as incentives or rewards for their contributions to the Group. The participants included any employee, whether full time or part time, director of the Company, consultant, adviser or agent of any member of the Group, subsidiary or any invested entity. The life of the Share Option Scheme is effective for 10 years from the date of adoption until 30 May 2023.

The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The acceptance of an option, if accepted, must be made within 21 days from the date of grant with a nonrefundable payment of HK$1 from the grantee to the Company.

The following table discloses the share options granted under the Share Option Scheme as at the Latest Practicable Date:

Grantee	Date of grant	Exercise price	Exercise periods	Outstanding as at 1 January 2015	Granted from 1 January 2015 to the the Latest Practicable Date	Exercised from 1 January 2015 to the the Latest Practicable Date	Lapsed/ cancelled from 1 January 2015 to the the Latest Practicable Date	Outstanding at the Latest Practicable Date
Share Option Scheme: Executive Directors and Chief Executive Officer								
Mr. Leung Wing Cheong Eric	26 May 2014	0.63	26 May 2016 to 30 May 2023	129,138,840	–	–	–	129,138,840
	8 June 2015	1.596	8 June 2015 to 30 May 2023	–	137,788,840	–	–	137,788,840
Employees	29 September 2014	1.264	1 October 2016 to 30 September 2019	158,500,000	–	–	(40,000,000)^	118,500,000
Employee	16 March 2015	1.37			40,000,000	–	–	40,000,000
Total				287,638,840	177,788,840	–	(40,000,000)	425,427,680

^ The 40,000,000 share options granted under the Share Options Scheme lapsed upon the resignation of the employees of the Group.

The exercise price in respect of any share options, shall subject to any adjustments in the event of any alteration in the capital structure of the Company whilst any share option remains exercisable or the Share Option Scheme remains in effect.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORSHIP

The biographical details of each of the Directors since 31 December 2014 are as follows:

Executive Directors

Mr. King Pak Fu, aged 44, was appointed as an executive Director on 10 September 2012 and was appointed as the chairman of the Board on 22 October 2012. He is experienced in property development and corporate management. Mr. King is currently the chairman and director of Fujian Start Group Co. Ltd. (a company listed on Shanghai Stock Exchange stock code: 600734). Mr. King was an executive director of Enterprise Development Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1808) up to 24 January 2014. Save as aforesaid, Mr. King did not hold any directorship in other listed public companies during the past three years.

Mr. Leung Wing Cheong Eric, aged 54, was appointed as an executive Director on 26 May 2014 and the Chief Executive Officer of the Company on 1 July 2014, and in his capacity as the Chief Executive Officer of the Company, is responsible for the business development and general operations of the Company, and the execution of the strategic directions from time to time formulated by the Board. Before his appointment as the Chief Executive Officer of the Company, Mr. Leung was the deputy managing director, an executive director and the chief financial officer of China Gas Holdings Limited ("**China Gas**"), a company listed on the Stock Exchange (Stock Code: 384) up to 30 June 2014. Mr. Leung joined China Gas in early 2005 after a 13-year career in investment banking. He had served in investment banks including Lehman Brothers, Barclays Capital and Prudential Securities. His last position before he joined China Gas was managing director and head of corporate finance of UFJ Securities. Mr. Leung is a lawyer by training, and is qualified to practise law in Hong Kong, England & Wales and Australia and he holds bachelor degrees from the University of Hong Kong and University of London, and a master degree from the Chinese University of Hong Kong. Save as disclosed above, Mr. Leung did not hold directorship in any other listed public companies in the last three years.

Mr. Gong Xiao Cheng, aged 30, was appointed as an executive Director on 7 March 2012. He is also a member of the nomination committee of the Company ("**Nomination Committee**"). He holds a Bachelor's degree of Finance, Accounting and Management from University of Nottingham in United Kingdom and a Master's degree of Real Estate Economics and Finance from London School of Economics and Politics Science. Mr. Gong did not hold any directorship in other listed public companies during the last three years.

Independent Non-executive Directors

Mr. Chan Wai Cheung Admiral, aged 42, was appointed as an independent non-executive Director on 10 December 2014. He is also the chairman of the audit committee of the Company ("**Audit Committee**") and a member of each of the Nomination Committee and remuneration committee of the Company ("**Remuneration Committee**"). He holds a Bachelor of Arts (Honours) in Accountancy from City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has over 15 years of experience in accounting and auditing field. Mr. Admiral Chan is an independent non-executive director of Jia Meng Holdings Limited (stock code: 8101; a company listed on the Growth Enterprise Market of the Stock Exchange). He was appointed as an independent non-executive director of Energy International Investments Holdings Limited (stock code: 353; a company listed on the Main Board of the Stock Exchange) in March 2012 and was re-designated as an executive director in November 2013. Save as disclosed above, Mr. Chan did not hold directorship in any other listed public companies in the last three years.

Mr. Lie Chi Wing, aged 37, was appointed as an independent non-executive Director on 5 February 2015. He is also a member of each of the Audit Committee and the Remuneration Committee. He holds a Bachelor Degree of Business Administration (First Class Honors) from The Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Financial Analyst. Mr. Lie has extensive experience in auditing and corporate advisory services with major international accounting firms. He is currently the company secretary of China Water Affairs Group Limited (stock code: 855), a company listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Lie did not hold directorship in any other listed public companies in the last three years.

Ms. Hu Gin Ing, aged 56, was appointed as an independent non-executive Director on 16 December 2013. She is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Hu holds a master degree in business administration from Florida International University, United States of America ("**U.S.A.**"), a master degree in sciences from Barry University, U.S.A. and a bachelor degree from National Taiwan University, major in foreign language. Ms. Hu is a member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants in U.S.A. Ms. Hu currently holds the position of Corp. CFO, Global Finance, of Acer Incorporated, a company listed on the Taiwan Stock Exchange. Ms. Hu has been a director of NHL CPA Ltd., Hong Kong since January 2005. She has been an independent non-executive director of Enterprise Development Holdings Limited (HK.1808) since March 2011, an independent director of Arich Enterprise Co. Ltd. (TW.4173), a company listed on the Taiwan Stock

Exchange since December 2012, an independent non-executive director of United Pacific Industries Limited (HK.176) since November 2013 and an independent non-executive director of LVGEM (China) Real Estate Investment Company Limited (formerly known as New Heritage Holdings Limited) (HK.95) since May 2014. She was a director of Gigamedia Limited (shares of which are traded on NASDAQ in U.S.A. under the ticker symbol of GIGM) from July 2003 to October 2013, an independent director of Evendata Holding Company Limited, a company which was previously listed on the Taiwan Stock Exchange, from April 2011 to May 2013, and a non-executive director of SMI Culture Group Holdings Limited (formerly known as Qin Jia Yuan Media Services Company Limited), a company listed on the Stock Exchange, from 27 August 2013 to 31 October 2014. She has over 20 years of experience in accounting and finance. Save as disclosed above, Ms. Hu did not hold any directorship in other listed public companies during the last three years.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or may not be terminated by the Company within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, there was no litigation or claims of material importance known to the Directors pending or threatened against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their associates (as such term is defined in the Listing Rules) had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. EXPERT AND CONSENTS AND INTERESTS OF EXPERT IN THE GROUP

Name	Qualifications
Ernst & Young	Certified Public Accountant, Hong Kong

Ernst & Young ("**EY**") does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. EY has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or references to its name in the form and context in which they are included.

As at the Latest Practicable Date, EY did not have any direct or indirect interests in any assets which have been, since 31 December 2014 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the enlarged Group within the two years preceding the date of this circular and are or may be material:

(a) the Agreement;

(b) the Bonds;

(c) a conditional placing agreement dated 15 June 2015 and entered into between the Company and Fortune (HK) Securities Limited in relation to the placing of the 6% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK$800,000,000 due on the date immediately following 48, 60 or 90 months (as the case may be) after the date(s) of issue of the bond on a best efforts basis as more particularly described in the announcement of the Company dated 15 June 2015;

(d) a conditional placing agreement dated 4 June 2015 and entered into between Better Joint Venture Limited, the Company, Quam Securities Company Limited and Haitong International Securities Company Limited ("Joint Placing Agents") in relation to the placing of a maximum of 360,000,000 placing shares at a price of HK$1.46 per placing share on a best efforts basis as more particularly described in the announcement of the Company dated 4 June 2015;

(e) a conditional subscription agreement dated 4 June 2015 and entered into between the Better Joint Venture Limited and the Company under which Better Joint Venture Limited has conditionally agreed to subscribe for such number of new Shares as is the same as the number of the placing shares actually placed by the Joint Placing Agents under the placing as described in (d) above, subject to a maximum of 360,000,000 Shares, at a price of HK$1.46 per Share, as more particularly described in the announcement by the Company dated 4 June 2015;

(f) a conditional placing agreement dated 30 January 2015 and entered into between the Company and Emperor Securities Limited in relation to the placing of the two years 6% bonds in an aggregate principal amount of up to HK$200,000,000 in multiple tranches as more particularly described in the announcement by the Company dated 30 January 2015;

(g) a non-legally binding letter of intent between the Company and E United Group dated 3 July 2014, as amended and supplemented by a terms sheet dated 27 January 2015 entered into by the same parties, pursuant to which the parties intend to jointly conduct development and investment in the business of integrated theme park, hotel sand shopping mall facilities in Taiwan and China in various forms, such as equity participation, joint ventures and cooperation, which is more particularly described in the announcements of the Company dated 27 January 2015 and 3 July 2014 respectively;

(h) a conditional placing agreement dated 19 December 2014 and entered into between the Company and Emperor Securities Limited in relation to the placing of two years 6% bonds in an aggregate principal amount of up to HK$200,000,000 as more particularly described in the announcement by the Company dated 19 December 2014;

(i) a subscription agreement dated 27 November 2014 entered into among the Company, certain non-PRC subsidiaries of the Company for the provision of guarantee in respect of the RMB500,000,000 in aggregate principal amount of 11.5% senior bonds due 2016 issued by the Company (the "**2016 Bonds**") and Haitong International Securities Company Limited in relation to the issue of the 2016 Bonds by the Company, as more particularly described in the announcement of the Company dated 27 November 2014;

(j) a non-legally binding memorandum of understanding with Berjaya Leisure (Cayman) Limited and Berjaya Times Square (Cayman) Limited dated 2 September 2014, for the proposed acquisition of a 70% equity interest in Berjaya China, a company that is principally involved in the development and construction of a mega-sized integrated commercial development project within the Yanjiao National High-Tech Industrial Development Area in Sanhe city, Hebei province, PRC, which is more particularly described in the announcement of the Company dated 2 September 2014;

(k) a shares subscription agreement dated 27 January 2014 entered into between Leading Express Holdings Group Limited ("**Leading Express**"), Mr. King, Beijing BSD Real Estate Company Limited ("**Beijing BSD**") and Netspac Investments Limited ("**Netspac**") in relation to, among other things, the subscription by Leading Express of 10 ordinary shares of Netspac, the conversion by Beijing BSD of 50,000 then ordinary shares of Netspac into 50,000 non-voting deferred share(s) of Netspac and the assignment by Beijing BSD of an unsecured and interest-free loan in the principal amount of HK$16,000,000 in favour of Leading Express, as more particularly described in the announcement of the Company dated 27 January 2014;

(l) the equity transfer agreement dated 14 January 2014 entered into between 北京中興鴻基科技有限公司 (Beijing Zhongxing Hongji Technology Company Limited*) ("**Zhongxing**"), Able Bright Asia Investment Limited and Cheertex Investment Limited ("**Cheertex**"), an indirect wholly-owned subsidiary of the Company, pursuant to which, Cheertex has agreed to acquire and Zhongxing has agreed to sell 4% of the equity interest in 海上嘉年華(青島)置業有限公司 (Sea Carnival (QingDao) Advanced Property Development Co., Ltd*), as more particularly described in the announcement of the Company dated 14 January 2014;

(m) a facility letter dated 3 January 2014 entered into between, among others, the Company as borrower and certain of its subsidiaries as guarantors and a financial institution (the "**Original Lender**") as a lender, arranger and agent, pursuant to which the Original Lender has agreed to make available to the Company a Hong Kong dollar term loan facility in the principal sum of HK$600,000,000, as more particularly described in the announcement of the Company dated 3 January 2014; and

(n) an underwriting agreement dated 9 September 2013 entered into between the Company and Elite Mile Investments Limited in relation to the issue of the 2,198,060,482 new Shares by way of open offer to the qualifying shareholders, as more particularly described in the prospectus of the Company dated 20 November 2013, the circular of the Company dated 22 October 2013 and the announcement of the Company dated 16 September 2013.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business at Suites 2003 & 2005, 20/F., AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including 31 December 2015:

(a) the Memorandum of association and the Bye-laws of the Company;

(b) the annual reports of the Company of each of the two financial years immediately preceding the issue of this Circular;

(c) the accountant's report on the Target Group referred to in Appendix II to this Circular;

(d) the report from EY on the unaudited pro forma financial information of the Enlarged Group, as referred to in Appendix IV to this Circular;

(e) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(f) the written consents given by EY; and

(g) this Circular.

10. GENERAL

(a) The company secretary of the Company is Ms. Chan Yuen Ying, Stella, who is a fellow member of the Institute of Chartered Secretaries and Administrators and a fellow member of the Hong Kong Institute of Chartered Secretaries. She is also a member of the Hong Kong Institute of Directors.

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street Hamilton HM11, Bermuda. The principal place of business of the Company in Hong Kong is Suites 2003 & 2005, 20/F, AIA Central, 1 Connaught Road Central, Hong Kong.

(c) The Company's Hong Kong share registrar and transfer office is Tricor Standard Limited, at 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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