

23 December 2011

The Directors  
New City (China) Development Limited

Dear Sirs,

We report on the unaudited pro forma financial information of New City (China) Development Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) and (i) French Land Limited (“Marshall Holding”); (ii) Fudi International Holding Co., Limited (“HK Holding”); and (iii) Guangdong Changliu Investment Co., Limited (“Changliu”, together with Marshall Holding and HK Holding, the “Target Group Companies”, and together with the Group, collectively referred to as the “Enlarged Group”), in connection with the following transactions:

- (i) the proposed share consolidation of 4 shares of the Company of HK\$0.001 each into 1 share of the Company of HK\$0.004 each (the “Consolidated Share”);
- (ii) the proposed issue of bonus shares of 1 Consolidated Share for every 2 Consolidated Shares held by the existing shareholders;
- (iii) the proposed open offer of 23 Consolidated Shares for every 3 Consolidated Shares held by the existing shareholders at an offer price of HK\$0.12 each;
- (iv) the proposed subscription of 1,112,500,000 Consolidated Shares at a subscription price of HK\$0.12 each by Mr. Han Junran (“Mr. Han”), a director of the Company;
- (v) the proposed redemption of all outstanding convertible bonds of the Company and settlement of a loan provided by Mr. Han by cash;
- (vi) the proposed issue of 8,333,333 Consolidated Shares and 4,166,666 warrants entitling the holder of the warrant to subscribe for 4,166,666 Consolidated Shares at a price of HK\$0.12 each for partial settlement of professional fee charged by professional parties; and
- (vii) the proposed acquisition of 100% equity interest in (i) Marshall Holding; (ii) HK Holding; and (iii) Changliu.

The Company entered into a sales and purchases agreement with 北京誠達順逸商貿有限公司 (“Vendor A”) and Kayuan Enterprise Investment Co., Limited (“Vendor B”, together with Vendor A, collectively the “Vendors”) on 24 January 2011 and

supplemental agreements on 23 August 2011 and 15 November 2011, respectively, (collectively, the "S&P Agreements"), pursuant to which, upon completion of the reorganisation (the "Reorganisation") of the shareholding structure of Changliu in March 2011, Vendor A acquired Marshall Holding subsequent to the end of the reporting period in October 2011, and indirectly held 75% equity interest in Changliu through HK Holding. Pursuant to the S&P Agreements, the Company will acquire 100% equity interest of Marshall Holding and HK Holding from Vendor A; and (ii) 25% equity interest of Changliu from Vendor B at an aggregate consideration (the "Consideration") of RMB299,696,000 (equivalent to approximately HK\$357.1 million), of which, (i) as to RMB70,000,000 (equivalent to approximately HK\$83.4 million) shall be paid to the Vendors by way of allotment and issue of the shares of the Company of HK\$0.004 each at an issue price of HK\$0.12 per share; and (ii) as to RMB199,696,000 (equivalent to approximately HK\$238 million) be settled by assignment of Changliu's other receivables; and (iii) as to RMB30,000,000 (equivalent to approximately HK\$35.7 million), being the remaining balance of the Consideration be settled by cash.

The unaudited pro forma financial information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the above proposed transactions for resumption of trading of the shares of the Company, might have affected the financial information presented, for inclusion as Appendix III to the circular of Company dated 23 December 2011 (the "Circular"). The basis of preparation of the pro forma financial information is set out in Section A of Appendix III to the Circular.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS**

It is the responsibility of the directors of the Company to prepare the unaudited pro forma financial information of the Enlarged Group 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" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information of the Enlarged Group 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 of the Enlarged Group beyond that owed to whom those reports were addressed by us at the dates of their issue.

#### **Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the

evidence supporting the adjustments and discussing the unaudited pro forma financial information of the Enlarged Group with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro forma financial information of the Enlarged Group has been properly compiled by the directors of Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information of the Enlarged Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information of the Enlarged Group is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance of indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group as at 30 June 2011 or at any future date; or
- the results and cash flows of the Enlarged Group for the year ended 31 December 2010 or for any future periods.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information of the Enlarged Group 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 purposes of the unaudited pro forma financial information of the Enlarged Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
Ascenda Cachet CPA Limited



Chan Chi Yuen  
Practising Certificate Number P02671  
Hong Kong

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

(i) Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group for the year ended 31 December 2010

|   | The Group's audited consolidated income statement and consolidated comprehensive income for the year ended 31 December 2010 |          | Marshall Holding's audited income statement and comprehensive income for the period from 8 December 2010 to 31 December 2010 |          | HK Holding's audited income statement and comprehensive income for the period from 6 September 2010 (date of incorporation) to 31 December 2010 |          | Changlin's audited income statement and comprehensive income for the year ended 31 December 2010 |          | Changlin's unaudited income statement and comprehensive income for the year ended 31 December 2010 |          | Pro-forma adjustments |          |          |          |          |          |          |          |          |          | The Enlarged Group's unaudited pro forma consolidated income statement and comprehensive income for the year ended 31 December 2010 |          |          |          |          |          |          |          |          |
|---|---|----------|--|----------|---|----------|--|----------|--|----------|-----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---|----------|----------|----------|----------|----------|----------|----------|----------|
|   |   | HK\$'000 | HK\$'000   | HK\$'000 | HK\$'000  | HK\$'000 | HK\$'000   | HK\$'000 | HK\$'000   | HK\$'000 | HK\$'000              | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000  | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
|   | (i)   | (ii)     | (iii)  | (iv)     | (v)   | (vi)     | (vii)  | (viii)   | (ix)   | (x)      | (xi)                  | (xii)    | (xiii)   | (xiv)    | (xv)     | (xvi)    | (xvii)   | (xviii)  | (xix)    | (xx)     | (xxi)   | (xxii)   | (xxiii)  | (xxiv)   | (xxv)    | (xxvi)   | (xxvii)  | (xxviii) | (xxix)   |
| Revenue   | -   | -        | -  | -        | -   | -        | 27,788   | 33,112   | 33,112   | 33,112   | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | 33,112   |
| Cost of services provided                                       | -   | -        | -  | -        | -   | -        | (7,611)  | (9,069)  | (9,069)  | (9,069)  | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | (9,069)  |
| <b>Gross profit</b>   | -   | -        | -  | -        | -   | -        | 20,177   | 24,043   | 24,043   | 24,043   | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | 24,043   |
| Other income and gains  | -   | -        | -  | -        | -   | -        | 66,853   | 79,662   | 79,662   | 79,662   | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | 166,310  |
| A gain from a bargain purchase                                  | -   | -        | -  | -        | -   | -        | -  | -        | -  | -        | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | 32,310   |
| General and administrative expenses                             | (17,274)  | (8)      | (7)  | (8)      | (7)   | (10,130) | (3,599)  | (12,071) | (12,071)   | (12,071) | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | (34,660) |
| Finance costs   | (28,069)  | -        | -  | -        | -   | -        | (3,599)  | (4,277)  | (4,277)  | (4,277)  | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | (32,346) |
| <b>Profit before tax</b>  | 41,305  | (8)      | (7)  | (8)      | (7)   | 73,311   | (6,459)  | 87,357   | 87,357   | 87,357   | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | 155,657  |
| Tax   | -   | -        | -  | -        | -   | -        | (8,459)  | (10,080) | (10,080)   | (10,080) | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | (10,080) |
| <b>Profit for the year</b>                                      | 41,305  | (8)      | (7)  | (8)      | (7)   | 64,852   | 6,459  | 77,277   | 77,277   | 77,277   | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | 145,577  |
| Other comprehensive income:                                     |   |          |  |          |   |          |  |          |  |          |                       |          |          |          |          |          |          |          |          |          |   |          |          |          |          |          |          |          |          |
| Exchange differences on translating foreign operations          | -   | -        | -  | -        | -   | -        | -  | -        | -  | -        | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | -        |
| Income tax relating to components of other comprehensive income | -   | -        | -  | -        | -   | -        | -  | -        | -  | -        | -                     | -        | -        | -        | -        | -        | -        | -        | -        | -        | -   | -        | -        | -        | -        | -        | -        | -        | -        |

|   | The Group's consolidated statement of comprehensive income for the year ended 31 December 2010 | Marshall Holding's audited income statement and comprehensive income for the period from 8 December 2010 to 31 December 2010 | HK Holding's audited income statement and comprehensive income for the period from 6 September 2010 (date of incorporation) to 31 December 2010 | Changliu's audited income statement and comprehensive income for the year ended 31 December 2010 | Changliu's* audited income statement and comprehensive income for the year ended 31 December 2010 | Sub-total                    | Pro-forma adjustments             | The Enlarged Group's unaudited pro forma consolidated income statement and comprehensive income for the year ended 31 December 2010 |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
|---|--|--|---|--|---|------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | HK\$'000<br>Audited<br>(i)   | HK\$'000<br>Audited<br>(ii)  | HK\$'000<br>Audited<br>(iii)  | RMB'000<br>Audited   | HK\$'000<br>Unaudited<br>(iv)   | HK\$'000<br>Unaudited<br>(v) | HK\$'000<br>Unaudited<br>(Note a) | HK\$'000<br>Unaudited<br>(Note b)   | HK\$'000<br>Unaudited<br>(Note c) | HK\$'000<br>Unaudited<br>(Note d) | HK\$'000<br>Unaudited<br>(Note e) | HK\$'000<br>Unaudited<br>(Note f) | HK\$'000<br>Unaudited<br>(Note g) | HK\$'000<br>Unaudited<br>(Note h) | HK\$'000<br>Unaudited<br>(Note i) |
| Other comprehensive income for the year/period net of tax           | -  | -  | -   | -  | -   | -                            | -                                 | -   | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 |
| Total comprehensive income for the year/period                      | 41,305   | (8)  | (7)   | 64,852   | 77,277  | 118,567                      | -                                 | -   | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | 145,577                           |
| Attributable to:<br>Owners of the parent                            | 41,305   | (8)  | (7)   | 64,852   | 77,277  | 118,567                      | -                                 | -   | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | 145,577                           |
| Non-controlling interests   | -  | -  | -   | -  | -   | -                            | -                                 | -   | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 |
| Total comprehensive income attributable to:<br>Owners of the parent | 41,305   | (8)  | (7)   | 64,852   | 77,277  | 118,567                      | -                                 | -   | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | 145,577                           |
| Non-controlling interests   | -  | -  | -   | -  | -   | -                            | -                                 | -   | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 |

\* Guangdong Changliu's Financial information was translated into HK\$'000 at the average rate of 1.1916.

### 3. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

#### (ii) Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2011

|   | The Group's<br>unaudited pro<br>forma<br>consolidated<br>statement of<br>financial<br>position as at<br>30 June 2011 | Marshall<br>Holding's<br>audited<br>statement of<br>financial<br>position as at<br>31 August 2011 | HK Holding's<br>audited<br>statement of<br>financial<br>position as at<br>31 August 2011 | Changlin's<br>audited<br>statement of<br>financial<br>position as at<br>31 August 2011 | Sub-total             | Pro-forma adjustments |                       |                       |                       | The Enlarged<br>Group's<br>unaudited pro<br>forma<br>consolidated<br>statement of<br>financial<br>position as at<br>30 June 2011 |                       |          |
|---|--|---|--|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|-----------------------|----------|
|   | HK\$'000<br>Unaudited  | HK\$'000<br>Audited   | HK\$'000<br>Audited  | RMB'000<br>Audited   | HK\$'000<br>Unaudited | HK\$'000<br>Unaudited | HK\$'000<br>Unaudited | HK\$'000<br>Unaudited | HK\$'000<br>Unaudited | HK\$'000<br>Unaudited  | HK\$'000<br>Unaudited |          |
| <b>NON-CURRENT ASSETS</b>                         |  |   |  |  |                       |                       |                       |                       |                       |  |                       |          |
| Property, plant and equipment                     | 72   | 792   | -  | 792  | 1,016                 |                       |                       |                       |                       |  |                       | 1,016    |
| Investment properties                             | -  | 277,000   | -  | 277,000  | 330,076               |                       |                       |                       |                       |  |                       | 330,076  |
| Investment in subsidiary                          | -  | -   | 35,577   | -  | 35,587                |                       |                       |                       |                       |  |                       | (35,587) |
| Other receivables                                 | -  | 157,324   | -  | 157,324  | 187,470               |                       |                       |                       |                       |  |                       | 20,585   |
| Goodwill  | -  | -   | -  | -  | -                     |                       |                       |                       |                       |  |                       | -        |
| Total non-current assets                          | 72   | 435,116   | 35,577   | 435,116  | 554,149               |                       |                       |                       |                       |  |                       | 351,677  |
| <b>CURRENT ASSETS</b>                             |  |   |  |  |                       |                       |                       |                       |                       |  |                       |          |
| Prepayments, deposits and other receivables       | 2,375  | 61,554  | -  | 61,554   | 75,723                |                       |                       |                       |                       |  |                       | 4,648    |
| Due from shareholders                             | -  | -   | -  | -  | -                     |                       |                       |                       |                       |  |                       | -        |
| Due from subsidiary                               | -  | 35,579  | -  | 35,579   | 35,579                |                       |                       |                       |                       |  |                       | (35,579) |
| Cash and cash equivalents                         | 235  | 37,300  | -  | 37,300   | 44,602                |                       |                       | 36,781                | (16,323)              |  |                       | 90,333   |
| Total current assets                              | 2,610  | 98,854  | 35,579   | 98,854   | 155,984               |                       |                       | 60,941                | (16,323)              |  |                       | 94,981   |
| <b>CURRENT LIABILITIES</b>                        |  |   |  |  |                       |                       |                       |                       |                       |  |                       |          |
| Other payables and accruals                       | 4,654  | 59,806  | -  | 59,806   | 75,919                |                       |                       |                       |                       |  |                       | 79,719   |
| Due to ex-shareholder                             | -  | 35,213  | -  | 35,213   | 35,213                |                       |                       |                       |                       | 5,300  | (1,500)               | -        |
| Due to holding company                            | -  | -   | 35,579   | -  | 35,579                |                       |                       |                       |                       |  |                       | -        |
| Due to directors                                  | 28,423   | -   | -  | -  | 28,423                |                       |                       |                       |                       |  |                       | 923      |
| Deposits received                                 | -  | 3,346   | -  | 3,346  | 3,987                 |                       |                       |                       | (27,500)              |  |                       | 3,987    |
| Obligations under finance lease - current portion | 55   | -   | -  | -  | 55                    |                       |                       |                       |                       |  |                       | 55       |
| Interest-bearing bank borrowings, secured         | -  | 5,100   | -  | 5,100  | 6,077                 |                       |                       |                       |                       |  |                       | 6,077    |
| Tax payable                                       | -  | -   | -  | -  | -                     |                       |                       |                       |                       |  |                       | -        |

|  | The Group's unaudited consolidated statement of financial position as at 30 June 2011 |           | Marshall Holding's audited statement of financial position as at 31 August 2011 |           | HK Holding's audited statement of financial position as at 31 August 2011 |           | Changliu's audited statement of financial position as at 31 August 2011 |                     | Changliu's unaudited statement of financial position as at 31 August 2011 |           | Pre-forma adjustments |           |          |           |          |           | The Enlarged Group's unaudited pro forma consolidated statement of financial position as at 30 June 2011 |           |          |
|--|---|-----------|---|-----------|---|-----------|---|---------------------|---|-----------|-----------------------|-----------|----------|-----------|----------|-----------|--|-----------|----------|
|  | HK\$'000  | Unaudited | HK\$'000  | Audited   | HK\$'000  | Audited   | HK\$'000  | RMB'000             | HK\$'000  | Unaudited | HK\$'000              | Unaudited | HK\$'000 | Unaudited | HK\$'000 | Unaudited | HK\$'000   | Unaudited | HK\$'000 |
|  | (i)   | (i)       | (ii)  | (ii)      | (iii)   | (iii)     |   | (iv) = Σ(i) to (iv) | (v) = Σ(i) to (iv)  | (Note a)  | (Note b)              | (Note c)  | (Note d) | (Note e)  | (Note f) | (Note g)  | (Note h)   |           |          |
| Total current liabilities  | 33,132  | 35,213    | 35,579  | 68,252    | 81,329  | 185,253   |   |                     |   |           |                       |           |          |           |          |           |  | 90,761    |          |
| Net current assets/(liabilities)                                     | (30,522)  | 366       | (35,579)  | 30,602    | 36,466  | (29,269)  |   |                     |   |           |                       |           |          |           |          |           |  | 4,220     |          |
| Total assets less current liabilities                                | (30,450)  | 376       | (2)   | 465,718   | 554,956   | 524,880   |   |                     |   |           |                       |           |          |           |          |           |  | 355,897   |          |
| <b>NON-CURRENT LIABILITIES</b>                                       |   |           |   |           |   |           |   |                     |   |           |                       |           |          |           |          |           |  |           |          |
| Convertible bonds  | (75,105)  | -         | -   | -         | -   | -         |   | (75,105)            | -   |           |                       |           |          |           |          |           |  | -         |          |
| Obligations under finance lease                                      | -   | -         | -   | (13,333)  | (15,888)  | (15,888)  |   | (15,888)            | -   |           |                       |           |          |           |          |           |  | (15,888)  |          |
| Other payables   | -   | -         | -   | (25,776)  | (30,715)  | (30,715)  |   | (30,715)            | -   |           |                       |           |          |           |          |           |  | (30,715)  |          |
| Deferred tax liabilities   | -   | -         | -   | (134,800) | (160,629)   | (160,629) |   | (160,629)           | -   |           |                       |           |          |           |          |           |  | (160,629) |          |
| Interest-bearing bank borrowings, secured                            | -   | -         | -   | -         | -   | -         |   | -                   | -   |           |                       |           |          |           |          |           |  | -         |          |
| Total non-current liabilities  | (75,105)  | -         | -   | (173,909) | (207,232)   | (207,337) |   | (207,337)           | -   |           |                       |           |          |           |          |           |  | (207,337) |          |
| Net assets/(liabilities)   | (105,555)   | 376       | (2)   | 291,809   | 347,724   | 242,543   |   | 347,724             | 242,543   |           |                       |           |          |           |          |           |  | 148,665   |          |
| <b>CAPITAL AND RESERVE</b>   |   |           |   |           |   |           |   |                     |   |           |                       |           |          |           |          |           |  |           |          |
| Issued capital   | 272   | 390       | 10  | 40,000    | 47,664  | 48,336    |   | 47,664              | 48,336  |           |                       |           |          |           |          |           |  | 10,161    |          |
| Reserves   | (105,827)   | (14)      | (12)  | 251,809   | 300,060   | 194,207   |   | 300,060             | 194,207   |           |                       |           |          |           |          |           |  | 138,504   |          |
| Total equity/(deficit) attributable to equity holders of the Company | (105,555)   | 376       | (2)   | 291,809   | 347,724   | 242,543   |   | 347,724             | 242,543   |           |                       |           |          |           |          |           |  | 148,665   |          |
| Non-controlling interests  | -   | -         | -   | -         | -   | -         |   | -                   | -   |           |                       |           |          |           |          |           |  | -         |          |
| <b>TOTAL EQUITY / (TOTAL DEFICIENCY IN ASSET)</b>                    | (105,555)   | 376       | (2)   | 291,809   | 347,724   | 242,543   |   | 347,724             | 242,543   |           |                       |           |          |           |          |           |  | 148,665   |          |

Guangdong Changliu's Financial information was translated into HK\$'000 at the closing rate of 1.1916.

#### 4. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

(iii) Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2010

|   | The Group's audited consolidated statement of cash flows for the year ended 31 December 2010 |         | Marshall Holding's audited statement of cash flows for the period from 8 December 2010 to 31 December 2010 (date of incorporation) |         | HK Holding's audited statement of cash flows for the period from 6 September 2010 to 31 December 2010 (date of incorporation) |          | Changliu's audited statement of cash flows for the year ended 31 December 2010 |          | Pro-forma adjustments |           |          |           |          |           |          |           |          |           | The Enlarged Group's unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2010 |          |           |          |           |  |         |          |          |
|---|--|---------|--|---------|---|----------|--|----------|-----------------------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|---|----------|-----------|----------|-----------|--|---------|----------|----------|
|   | HK\$'000   | Audited | HK\$'000   | Audited | HK\$'000  | Audited  | RMB'000  | Audited  | HK\$'000              | Unaudited | HK\$'000 | Unaudited | HK\$'000 | Unaudited | HK\$'000 | Unaudited | HK\$'000 | Unaudited |   | HK\$'000 | Unaudited | HK\$'000 | Unaudited |  |         |          |          |
| Cash flows from operating activities                    |  |         |  |         |   |          |  |          |                       |           |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          |          |
| Profit/(loss) before tax                                | 41,205   |         | (8)  | (7)     |   | 73,311   |  | 87,358   |                       | 128,648   |          |           |          |           |          |           |          |           |   |          |           |          |           |  | 155,657 |          |          |
| Adjustments for:  |  |         |  |         |   |          |  |          |                       |           |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          |          |
| Finance costs   | 28,069   |         |  |         |   | 3,589    |  | 4,277    |                       | 32,346    |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 32,346   |          |
| Dividend income   |  |         |  |         |   | (280)    |  | (394)    |                       | (334)     |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (334)    |          |
| Interest income   |  |         |  |         |   | (158)    |  | (188)    |                       | (188)     |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (188)    |          |
| Depreciation of property, plant and equipment           | 313  |         |  |         |   | 391      |  | 466      |                       | 779       |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 779      |          |
| Depreciation of investment properties                   |  |         |  |         |   | 602      |  | 717      |                       | 717       |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 717      |          |
| Changes in fair value of investment properties          |  |         |  |         |   | (188)    |  | (224)    |                       | (224)     |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (224)    |          |
| Impairment of property, plant and equipment             |  |         |  |         |   | 510      |  | 608      |                       | 608       |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 608      |          |
| Gain on disposal of items of investment properties      |  |         |  |         |   | (66,227) |  | (78,917) |                       | (78,917)  |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (78,917) |          |
| A gain from a bargain purchase                          |  |         |  |         |   |          |  |          |                       |           |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (32,310) |          |
| Gain on disposal of subsidiaries                        | (86,648)   |         |  |         |   |          |  |          |                       | (86,648)  |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (86,648) |          |
|   | (16,961)   |         | (8)  | (7)     |   | 11,550   |  | 13,763   |                       | (3,213)   |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (8,513)  |          |
| Decrease in prepayments, deposits and other receivables | 492  |         |  |         |   | 1,485    |  | 1,770    |                       | 2,262     |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 2,262    |          |
| Increase in trade payables                              | 3,118  |         |  |         |   |          |  |          |                       | 3,118     |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          | 3,118    |
| Increase/(decrease) in other payables and accruals      | 9,765  |         |  |         |   | (9,015)  |  | (10,742) |                       | (977)     |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 2,823    |          |
| Increase in deposit received                            |  |         |  |         |   | 550      |  | 655      |                       | 655       |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 655      |          |
| Increase in rental income receipts in advances          |  |         |  |         |   | 169      |  | 201      |                       | 201       |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | 201      |          |
| Advance from/(to) subsidiary                            |  |         |  |         |   |          |  |          |                       |           |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (1,500)  |          |
| Decrease in provisions                                  | (5,136)  |         |  |         |   |          |  |          |                       | (5,136)   |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          | (5,136)  |
| Cash flow from/(used in) operations                     | (8,722)  |         | (8)  | (7)     |   | 4,739    |  | 5,647    |                       | (3,090)   |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         | (4,590)  |          |
| Interest received                                       |  |         |  |         |   | 158      |  | 188      |                       | 188       |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          | 188      |
| Income tax paid   |  |         |  |         |   | (8,731)  |  | (10,404) |                       | (10,404)  |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          | (10,404) |
| Net cash flow used in operating activities              | (8,722)  |         | (8)  | (7)     |   | (3,844)  |  | (4,569)  |                       | (13,906)  |          |           |          |           |          |           |          |           |   |          |           |          |           |  |         |          | (14,806) |



|  | Marshall Holding's audited statement of cash flows period from 8 December 2010 (date of incorporation) to 31 December 2010 | HK Holding's audited statement of cash flows period from 6 September 2010 (date of incorporation) to 31 December 2010 | Changlin's audited statement of cash flows for the year ended 31 December 2010 | Sub-total                                    | HK\$'000 Unaudited (Note a) | HK\$'000 Unaudited (Note b) | HK\$'000 Unaudited (Note c) | HK\$'000 Unaudited (Note d) | HK\$'000 Unaudited (Note e) | HK\$'000 Unaudited (Note f) | HK\$'000 Unaudited (Note g) | HK\$'000 Unaudited (Note h) | The Enlarged Group's unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2010 |
|--|--|---|--|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---|
|  | HK\$'000 Audited (i)   | HK\$'000 Audited (ii)   | RMB'000 Audited (iii)  | HK\$'000 Unaudited (iv) = (i) + (ii) + (iii) | HK\$'000 Unaudited (Note a) | HK\$'000 Unaudited (Note b) | HK\$'000 Unaudited (Note c) | HK\$'000 Unaudited (Note d) | HK\$'000 Unaudited (Note e) | HK\$'000 Unaudited (Note f) | HK\$'000 Unaudited (Note g) | HK\$'000 Unaudited (Note h) | HK\$'000 Unaudited  |
| <b>Cash flows from investing activities</b>                      |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             |   |
| Purchases of items of property, plant and equipment              | (57)   | (385)   | (3)  | (417)  | (497)                       | (497)                       | (388)                       | (334)                       | (33,862)                    | (134,687)                   | (35,748)                    | (497)                       | (497)   |
| Advance to shareholder   |  |   |  | 280  | 334                         | 334                         | 334                         |                             |                             |                             |                             |                             | (388)   |
| Dividend income received   |  |   |  | (28,417)                                     | (33,862)                    | (33,862)                    |                             |                             |                             |                             |                             |                             | 334   |
| Investment properties capital expenditures                       |  |   |  | 113,029                                      | 134,687                     | 134,687                     |                             |                             |                             |                             |                             |                             | (33,862)  |
| Proceeds from disposal of items of property, plant and equipment |  |   |  | (28,961)                                     | (34,510)                    | (34,510)                    |                             |                             |                             |                             |                             |                             | 134,687   |
| Net cash outflow for the acquisition of subsidiary               |  |   |  | 25,632                                       | 30,543                      | 30,543                      |                             |                             |                             |                             |                             |                             | (35,748)  |
| Increase in amount due from shareholders                         |  |   |  | 6,380  | 7,602                       | 7,602                       |                             |                             |                             |                             |                             |                             | (34,510)  |
| Decrease in other receivables                                    |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             | 30,543  |
| Net cash inflow/(outflow) for the disposal of subsidiary         | (57)   |   |  |  | 7,602                       | 7,602                       |                             |                             |                             |                             |                             |                             | 30,543  |
| <b>Net cash flow (used in)/from investing activities</b>         | (57)   | (385)   | (3)  | 87,526                                       | 104,297                     | 104,297                     |                             |                             |                             |                             |                             |                             | 7,545   |
| <b>Cash flows from financing activities</b>                      |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             |   |
| Obtained a new bank loan   |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             |   |
| Advance from subsidiary  |  | 3   |  | (90,610)                                     | (107,972)                   | (107,972)                   |                             |                             |                             |                             |                             |                             | 3   |
| Repayment of bank loan   |  |   |  | (3,900)                                      | (4,647)                     | (4,647)                     |                             |                             |                             |                             |                             |                             | (107,972)   |
| Repayment to a subsidiary  |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             | (4,647)   |
| Redemption of convertible bonds                                  |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             | (16,323)  |
| Proceeds from issue of shares                                    |  | 390   | 10   |  | 400                         | 400                         |                             |                             | (16,323)                    |                             | 1,000                       |                             | 99,172  |
| Proceeds from issue of warrants                                  |  |   |  |  |                             |                             |                             | 36,781                      |                             |                             | 500                         |                             | 3,367   |
| Obtained a new borrowings  | 3,367  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             | 3,367   |
| Advance from a related company                                   | 5,413  |   |  | 4,340  | 5,172                       | 5,172                       |                             |                             |                             |                             |                             |                             | 5,413   |
| Increase in other payables                                       |  |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             | 5,172   |
| Capital element of finance lease rental payments                 | (73)   |   |  |  |                             |                             |                             |                             |                             |                             |                             |                             | (73)  |
| Interest paid  | (20)   |   |  | (3,589)                                      | (4,277)                     | (4,277)                     |                             |                             |                             |                             |                             |                             | (4,297)   |
| <b>Net cash flow from/(used in) from financing activities</b>    | 8,687  | 393   | 10   | (93,799)                                     | (111,724)                   | (102,654)                   |                             |                             |                             |                             |                             |                             | (19,735)  |

|   | The Group's audited consolidated statement of cash flows for the year ended 31 December 2010 | Marshall Holding's audited statement of cash flows period from 8 December 2010 to 31 December 2010 | HK Holding's audited statement of cash flows period from 6 September 2010 (date of incorporation) to 31 December 2010 | Changliu's audited statement of cash flows for the year ended 31 December 2010 | Changliu's unaudited statement of cash flows for the year ended 31 December 2010 | Sub-total                            | Pre-forma adjustments  | The Enlarged Group's unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2010 |
|---|--|--|---|--|--|--------------------------------------|--|---|
|   | HK\$'000 Audited (i)   | HK\$'000 Audited (ii)  | HK\$'000 Audited (iii)  | RMB'000 Audited  | HK\$'000 Unaudited (iv)  | HK\$'000 Unaudited (v) = (i) to (iv) | HK\$'000 Unaudited (Note a) (Note b) (Note c) (Note d) (Note e) (Note f) (Note g) (Note h) | HK\$'000 Unaudited  |
| Net decrease in cash and cash equivalents             | (92)   | -  | -   | (10,067)   | (11,996)   | (12,088)                             |  | 33,563  |
| Cash and cash equivalents at beginning of year/period | 150  | -  | -   | 11,586   | 13,806   | 13,956                               |  | 13,956  |
| Effect of foreign exchange rate changes, net          | -  | -  | -   | -  | 0  | 0                                    |  | -   |
| Cash and cash equivalents at end of year/period       | 58   | -  | -   | 1,519  | 1,810  | 1,868                                |  | 47,519  |
| Analysis of balances of cash and cash equivalents:    |  |  |   |  |  |                                      |  |   |
| Cash and bank balances                                | 58   | -  | -   | 1,519  | 1,810  | 1,868                                | 60,941 (16,323) (35,748)   | 47,519  |

\* Guangdong Changliu's Financial information was translated into HK\$'000 at the closing rate of 1.1916.

## **A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The following unaudited pro forma financial information of the Enlarged Group has been prepared and included in the Company's circular dated 23 December 2011 (the "Circular") to illustrate the effect of the following transactions:

- (i) the proposed share consolidation of 4 shares of the Company of HK\$0.001 each into 1 share of the Company of HK\$0.004 each (the "Consolidated Share");
- (ii) the proposed issue of bonus shares of 1 Consolidated Share for every 2 Consolidated Shares held by the existing shareholders;
- (iii) the proposed open offer of 23 Consolidated Shares for every 3 Consolidated Shares held by the existing shareholders at an offer price of HK\$0.12 each;
- (iv) the proposed subscription of 1,112,500,000 Consolidated Shares at a subscription price of HK\$0.12 each by Mr. Han Junran ("Mr. Han"), a director of the Company;
- (v) the proposed redemption of all outstanding convertible bonds of the Company and settlement of a loan provided by Mr. Han by cash;
- (vi) the proposed issue of 8,333,333 Consolidated Shares and 4,166,666 warrants entitling the holder of the warrant to subscribe for 4,166,666 Consolidated Shares at a price of HK\$0.12 each for partial settlement of professional fee charged by professional parties; and
- (vii) the proposed acquisition of 100% equity interest in (i) Marshall Holding; (ii) HK Holding; and (iii) Changliu.

The Company entered into a sales and purchases agreement with 北京誠達順逸商貿有限公司 ("Vendor A") and Kayuan Enterprise Investment Co., Limited ("Vendor B", together with Vendor A, collectively the "Vendors") on 24 January 2011 and supplemental agreements on 23 August 2011 and 15 November 2011, respectively, (collectively, the "S&P Agreements"), pursuant to which, upon completion of the reorganisation (the "Reorganisation") of the shareholding structure of Changliu in March 2011, Vendor A acquired Marshall Holding subsequent to the end of the reporting period in October 2011, and indirectly held 75% equity interest in Changliu through HK Holding. Pursuant to the S&P Agreements, the Company will acquire 100% equity interest of Marshall Holding and HK Holding from Vendor A; and (ii) 25% equity interest of Changliu from Vendor B at an aggregate consideration (the "Consideration") of RMB299,696,000 (equivalent to approximately HK\$357.1 million), of which, (i) as to RMB70,000,000 (equivalent to approximately HK\$83.4 million) shall be paid to the Vendors by way of allotment and issue of the shares of the Company of HK\$0.004 each at an issue price of HK\$0.12 per share; and (ii) as to RMB199,696,000 (equivalent to approximately HK\$238

million) be settled by assignment of Changliu's other receivables; and (iii) as to RMB30,000,000 (equivalent to approximately HK\$35.7 million), being the remaining balance of the Consideration be settled by cash.

The unaudited pro forma consolidated statement of other comprehensive income of the Enlarged Group are prepared based on the audited consolidated income statement and consolidated statement of comprehensive income of the Group for the year ended 31 December 2010 as extracted from the annual report of the Company set out in Appendix I to the Circular and the audited income statement and statement of comprehensive income of (i) Marshall Holding for the period from 8 December 2010 (date of incorporation) to 31 December 2010; (ii) HK Holding for the period from 6 September 2010 (date of incorporation) to 31 December 2010 and (iii) Changliu for the year ended 31 December 2010 as extracted from the accountants' report on the Target Group Companies set out in Appendix II to the Circular, and as if the Acquisition has been completed on 1 January 2010. A narrative description of the pro forma adjustments that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma consolidated statement of cash flows of the Enlarged Group are prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 December 2010 as extracted from the annual report of the Company set out in Appendix I to the Circular and the audited statement of cash flows of the (i) Marshall Holding for the period from 8 December 2010 (date of incorporation) to 31 December 2010; (ii) HK Holding for the period from 6 September 2010 (date of incorporation) to 31 December 2010 and (iii) Changliu for the year ended 31 December 2010 as extracted from the accountants' report on the Target Group Companies set out in Appendix II to the Circular, and as if the Acquisition has been completed on 1 January 2010. A narrative description of pro forma adjustments that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2011 as extracted from the interim report of the Company set out in Appendix I to the Circular and the audited statement of financial position of the (i) Marshall Holding as at 31 August 2011; (ii) HK Holding as at 31 August 2011 and (iii) Changliu as at 31 August 2011 as extracted from the accountants' report on the Target Group Companies set out in Appendix II, and as if the Acquisition has been completed on 30 June 2011. A narrative description of pro forma adjustments that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are summarised in the accompanying notes.

The unaudited pro forma financial information is prepared to provide information on the Enlarged Group as a result of the completion of the Acquisition. It is prepared for illustrative purpose only in accordance with Paragraph 29 of Chapter 4 of the Listing Rules to provide the investors with further information to illustrate the effect on the Group after the completion of Acquisition and it does not purport to represent what the results, cash flows or financial position of the Enlarged Group following the completion of the Acquisition.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this Circular and the accountants' report on the Target Group Companies as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular.

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

- (a) The Company proposed that every 4 issued and unissued shares of HK\$0.001 each in the share capital of the Company be consolidated (the "Share Consolidation") into 1 share of HK\$0.004 each (the "Consolidated Shares"). The Share Consolidation does not have any impact on the unaudited pro forma financial information.
- (b) The adjustment reflects the bonus issue of 135,879,000 Consolidated Shares (the "Bonus Shares") to the existing shareholders whose names appear on the register of members of the Company at the date of this Circular. The Bonus Shares are issued on the basis of 2 Bonus Shares for every Consolidated Share held (assuming the Share Consolidation becoming effective).
- (c) The adjustment reflects the open offer (the "Open Offer") of 520,869,500 Consolidated Shares (the "Offer Shares") at an offer price of HK\$0.12 each with a net proceed of approximately HK\$60,941,000 after deduction of a direct cost of HK\$1,563,000.
- (d) The adjustment reflects the subscription (the "Subscription") of 1,112,500,000 Consolidated Shares (the "Subscription Shares") at a subscription price of HK\$0.12 each by Mr. Han amounting to approximately HK\$133,500,000, of which, (i) as to approximately HK\$71,000,000 being set off against an outstanding convertible bonds of approximately HK\$63,349,000 held by Mr. Han plus interest of approximately HK\$7,757,000 calculated up to February 2012 (the expected date of completion of the Subscription); (ii) as to HK\$27,500,000 being set off against a loan granted by Mr. Han as at the date of the Circular; and (iii) as to approximately HK\$35,000,000 settled by cash.

As at 30 June 2011, the convertible bond held by Mr. Han is as follows:

|   | <i>HK\$'000</i>     |
|---|---------------------|
| Principal amount  | 63,249              |
| Accumulated accrued interest up to 30 June 2011   | <u>5,970</u>        |
| Total payables as at 30 June 2011   | 69,219              |
| Less:   |                     |
| The carrying amount of the convertible bond as recorded in the Company's books and records as at 30 June 2011 | <u>60,607</u>       |
| Equity component of the convertible bond  | <u><u>8,612</u></u> |

Accordingly, proceed from the Subscription Shares of approximately HK\$133,500,000 is deemed to be allocated as follows:

|   | <i>HK\$'000</i> |
|---|-----------------|
| Set off against redemption of the convertible bond held by Mr. Han  | 69,219          |
| Set off against a loan granted by Mr. Han                           | 27,500          |
| Cash  | 35,000          |
| Additional cash deem to be settled by Mr. Han                       | <u>1,781</u>    |
|   | <u>133,500</u>  |
| Share capital (1,112,500,000 Consolidated Shares at HK\$0.004 each) | 4,450           |
| Share premium   | <u>129,050</u>  |
|   | <u>133,500</u>  |

- (e) The adjustment reflects the redemption of convertible bond held by Tritime of HK\$16,323,000 by cash upon completion of the Subscription and the Open Offer.

As at 30 June 2011, the convertible bond held by Tritime is as follows:

|   | <i>HK\$'000</i> |
|---|-----------------|
| Principal amount  | 14,185          |
| Accumulated accrued interest up to 30 June 2011   | <u>2,138</u>    |
| Total payables as at 30 June 2011   | 16,323          |
| Less:   |                 |
| The carrying amount of the convertible bond as recorded in the Company's books and records as at 30 June 2011 | <u>14,498</u>   |
| Equity component of the convertible bond  | <u>1,825</u>    |

- (f) The adjustment reflects the estimated legal and professional fees and other direct expenses for resumption of trading of the Company of approximately HK\$5,300,000.
- (g) The adjustment reflects part of the professional fee in the amount of HK\$500,000 be satisfied by means of the issue of warrants of the Company and as to HK\$1,000,000 be satisfied by the issue of 8,333,333 Consolidated Shares at an issue price of HK\$0.12 each.
- (h) The adjustment reflects the Consideration of RMB299,696,000 (equivalent to approximately HK\$357,121,000), of which, (i) as to RMB70,000,000 (equivalent to HK\$83,412,000 settled by way of allotment and issue of the 695,100,000 Consideration Shares at an issue price of HK\$0.12 each. As at 30 June 2011, the fair value of the 695,106,450 Consideration Shares were approximately HK\$41,706,000); and (ii) as to RMB199,696,000 (equivalent to approximately HK\$237,960,000) settled against the assignment of Changliu's other receivables; and (iii) as to RMB30,000,000 (equivalent to approximately HK\$35,748,000), being the remaining balance of the Consideration be settled by cash.

Assuming the Acquisition of 100% equity interest in (i) Marshall Holding; (ii) HK Holding; and (iii) Changliu had taken place on 30 June 2011:

|   |                 |
|---|-----------------|
|   | <i>HK\$'000</i> |
| Total fair value of the Consideration paid  | 315,414         |
| Less:   |                 |
| Adjusted net assets value of Marshall Holding as at 31 August 2011                | -               |
| Adjusted net assets value of HK Holding as at 31 August 2011                      | -               |
| Adjusted net assets value of Changliu as at 31 August 2011                        | <u>347,724</u>  |
| A gain from a bargain purchase  | <u>(32,310)</u> |
| The Consideration of the Acquisition is satisfied by:                             |                 |
| the issue of the Consideration Shares:  |                 |
| Issued share capital  | 2,780           |
| Share premium   | <u>38,926</u>   |
| The fair value of the Consideration Shares issued on 30 June 2011 (RMB70,000,000) | 41,706          |
| Cash (RMB30,000,000)  | 35,748          |
| Assignment of Changliu's other receivable   | <u>237,960</u>  |
| Total fair value of the Consideration paid  | <u>315,414</u>  |

The adjusted net assets value of the Target Group Companies is as follows:

|  | <b>Marshall<br/>Holding</b> | <b>HK Holding</b> | <b>Changliu</b> | <b>Total</b>    |
|--|-----------------------------|-------------------|-----------------|-----------------|
|  | <i>HK\$'000</i>             | <i>HK\$'000</i>   | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net assets value as at 31 August 2011                                    | 376                         | (2)               | 347,724         | 348,098         |
| Less: Investment in subsidiaries   | (10)                        | (35,577)          | -               | (35,587)        |
| Indebtedness of Marshall Holding<br>due to Vendor A taken up by New City | 35,213                      | -                 | -               | 35,213          |
| Elimination of intergroup balances                                       | <u>(35,579)</u>             | <u>35,579</u>     | -               | -               |
| Adjusted net assets value as at 31 August<br>2011                        | <u>-</u>                    | <u>-</u>          | <u>347,724</u>  | <u>347,724</u>  |

None of the pro-forma adjustments are expected to have a continuing effect of the Company.