THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **CNT Group Limited** (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer, or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

CNT GROUP LIMITED
北 海 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 701)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO PROPOSED DISPOSAL OF THE OCEAN WIDE SHARE (2) MAJOR TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF THE NIGON SHARES AND (3) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company

Innovax Capital Limited

A notice convening a special general meeting of the Company to be held at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong on Thursday, 9 May 2019 at 11:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.cntgroup.com.hk).

Whether or not you are able to attend the special general meeting, you are advised to read the notice and to complete and sign the accompanying form of proxy, in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the special general meeting or any adjournment thereof should they so wish.

26 March 2019

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

"Acquisition Condition(s)"	condition(s) precedent to the Proposed Acquisition set forth in the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);
"Announcement"	the announcement of the Company on 10 September 2018 in relation to, among other matters, the Share Exchange Agreement;
"associate(s)"	has the same meaning as ascribed to this term under the Listing Rules;
"BO"	the Building Ordinance, Chapter 123 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"Board"	the board of Directors;
"BVI"	the British Virgin Islands;
"Company"	CNT Group Limited (北海集團有限公司), a company incorporated in Bermuda with limited liability with its Shares listed on the main board of the Stock Exchange (stock code: 701);
"Completion"	completion of the Proposed Disposal and the Proposed Acquisition pursuant to the terms and conditions of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);
"Completion Date"	the date on which Completion shall take place, initially expected to be 31 May 2019;
"Conley"	Conley Investment Limited, a company incorporated in Hong Kong with limited liability on 3 March 1981 and a wholly-owned subsidiary of Ocean Wide. Conley is the sole owner of the Sai Kung Property;
"Conley Bank Loan"	the bank loan and any banking facilities granted by The Hongkong and Shanghai Banking Corporation Limited to the Company and/or its subsidiaries as secured by, among other things, the Tatpo Securities, and where the context shall so require, the outstanding amount of the principal sum and any interest accrued thereon as at Completion;

"CPM Group"	CPM Group Limited (中漆集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability with its shares listed on the main board of the Stock Exchange (stock code: 1932);
"DBO"	the Demolished Buildings (Re-development of Sites) Ordinance, Chapter 337 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"Director(s)"	the director(s) of the Company;
"Disposal Condition(s)"	condition(s) precedent to the Proposed Disposal set forth in the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);
"Encumbrance"	a mortgage, charge, pledge, lien, option, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid;
"Enlarged Group"	the Remaining Group and Nigon;
"GFA"	gross floor area;
"Government Authority"	(a) any government (whether supranational, national or local) in any relevant jurisdiction including the Government of Hong Kong or any bureau, department or official of any of the above; (b) any statutory or public authority or body in any relevant jurisdiction; (c) any court, tribunal or other judicial authority in any relevant jurisdiction; (d) the Government of Hong Kong as grantor and/or landlord in respect of the Sai Kung Property Government Lease or the Wan Chai Property Government Lease; and the expression "Government Authority" shall also include (e) any person to whom any power or authority of any of the above is delegated; and (f) any person engaged by any of the above for the purpose of exercising any of its powers or authorities or assisting in the exercise of any of its powers or authorities;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;

"Independent Third Party(ies)"	third parties independent of the Company and its connected persons;
"Jetco"	Jetco (H.K.) Limited (怡高(香港)有限公司), a company incorporated in Hong Kong with limited liability on 29 March 2017 and wholly-owned by Mr. Tang, being (a) the vendor of the Nigon Shares and the assignor of the Nigon Shareholder's Loan under the Proposed Acquisition; and (b) the purchaser of the Ocean Wide Share and assignee of the Ocean Wide Shareholder's Loan under the Proposed Disposal;
"Jetco Securities"	the security interests given by, over or otherwise affecting Nigon;
"Latest Practicable Date"	22 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
"Lead Creation"	Lead Creation Development Limited (領創發展有限公司), a company incorporated in Hong Kong with limited liability on 25 February 2005, the entire issued share capital of which is legally and beneficially owned by Mr. Tang as at the date of this circular;
"Leaseback Agreement"	the tenancy agreement to be entered into between Nigon, which will become a wholly-owned subsidiary of the Company upon Completion, as landlord and Tang's Living as tenant immediately before Completion in respect of the Wan Chai Property;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
"Long-stop Date"	31 July 2019;
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules;
"Mr. Tang"	Mr. Tang Shing Bor (鄧成波), an Independent Third Party and the guarantor of Jetco under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);
"Nigon"	Nigon Hong Kong Limited (力運香港有限公司), a company incorporated in Hong Kong with limited liability on 15 May 2007 and a wholly-owned subsidiary of Jetco. Nigon is the sole owner of the Wan Chai Property;

"Nigon Adjustment"	any upward or downward adjustments to the Nigon Initial Consideration on a dollar-to-dollar basis with reference to the Nigon Net Asset Value stated in the Nigon Pro Forma Completion Accounts and the Nigon Completion Accounts;
"Nigon Bank Loan"	the bank loan and any banking facilities granted by the United Overseas Bank Limited to Nigon as secured by, among other things, the Jetco Securities and, where the context shall so require, the outstanding amount of the principal sum and any interest accrued thereon as of the Completion Date;
"Nigon Completion Accounts"	the unaudited statement of financial position of Nigon as at close of business on the Completion Date to be provided to Tatpo within 25 business days after the Completion Date;
"Nigon Group"	Nigon and Lead Creation;
"Nigon Initial Consideration"	HK$530 million (as adjusted by the Nigon Adjustments);
"Nigon Net Asset Value"	the total assets of Nigon (other than the value of the Wan Chai Property, any intangible assets, other fixed assets and deferred tax assets) less the total liabilities of Nigon (other than the liabilities in respect of the Nigon Shareholder's Loan, the Nigon Bank Loan and any deferred tax liabilities) as of the Completion Date as shown in the Nigon Pro Forma Completion Accounts or the Nigon Completion Accounts (as the case may be);
"Nigon Pro Forma Completion Accounts"	the pro-forma statement of financial position of Nigon as of close of business on the Completion Date to be provided to Tatpo on or before 5 business days prior to the Completion Date;
"Nigon Shareholder's Loan"	the loan due from Nigon to Jetco that will be assigned to Tatpo upon Completion under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), which amounted to be HK$31.8 million as of the Latest Practicable Date;
"Nigon Shares"	the 100 shares of Nigon, representing all shares in issue of Nigon;
"Ocean Wide"	Ocean Wide Assets Limited, a company incorporated under the laws of BVI with limited liability on 18 May 1999 and is wholly-owned by Tatpo. Ocean Wide is the sole shareholder of Conley;
"Ocean Wide Adjustment"	any upward or downward adjustments to the Ocean Wide Initial Consideration on a dollar-to-dollar basis with reference to the Ocean Wide Net Asset Value stated in the Ocean Wide Pro Forma Completion Accounts and the Ocean Wide Completion Accounts;

"Ocean Wide Completion Accounts"	the unaudited consolidated statement of financial position of Ocean Wide as at close of business on the Completion Date to be provided to Jetco within 25 business days after the Completion Date;
"Ocean Wide Group"	Ocean Wide and Conley;
"Ocean Wide Initial Consideration"	HK$900 million (as adjusted by the Ocean Wide Adjustments);
"Ocean Wide Net Asset Value"	the total assets of Ocean Wide (other than the value of the Sai Kung Property, any intangible assets, other fixed assets and deferred tax assets) less the total liabilities of Ocean Wide (other than the liabilities in respect of the Ocean Wide Shareholder's Loan, the Conley Bank Loan and any deferred tax liabilities) as of Completion Date as shown in the Ocean Wide Pro Forma Completion Accounts or the Ocean Wide Completion Accounts (as the case may be);
"Ocean Wide Pro Forma Completion Accounts"	the pro-forma consolidated statement of financial position of Ocean Wide as of close of business on the Completion Date to be provided to Jetco on or before 5 business days prior to the Completion Date;
"Ocean Wide Shareholder's Loan"	the loan due from Ocean Wide to Tatpo that will be assigned to Jetco upon Completion under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), which amounted to be HK$42.3 million as of the Latest Practicable Date;
"Ocean Wide Share"	one issued share of Ocean Wide, being the entire allotted and issued share capital of Ocean Wide;
"Remaining Group"	the Group excluding the Ocean Wide Group;
"RMB"	Renminbi, the lawful currency of the PRC;
"PRC"	The People's Republic of China, for the purpose of this circular, excluding Taiwan, The Macau Special Administrative Region of the PRC and Hong Kong;
"Proposed Acquisition"	the proposed acquisition of the Nigon Shares and the Nigon Shareholder's Loan from Jetco by Tatpo (or its nominee) pursuant to the terms and conditions of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);

"Proposed Disposal"	the proposed disposal of the Ocean Wide Share and the Ocean Wide Shareholder's Loan by Tatpo to Jetco pursuant to the terms and conditions of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);
"Sai Kung Property"	all those pieces or parcels of ground respectively registered in the Land Registry as Lot No. 963 in D.D. 215 and the extension thereto & Lot No. 991 in D.D. 215 in Sai Kung, New Territories including and of and in the messuages, erections and buildings thereon now known as Nos. 7 and 9 Hong Ting Road, Sai Kung, New Territories, Hong Kong;
"Sai Kung Property Government Lease"	collectively, New Grant No. 6503 in respect of Lot No. 963 in Demarcation District No. 215 and the Extension thereto and New Grant No. SK7294 in respect of Lot No. 991 in Demarcation District No. 215;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong, as amended, supplemented or other modified from time to time;
"Share Exchange Agreement"	the Share Exchange Agreement dated 8 September 2018 entered into among Tatpo, Jetco and Mr. Tang for the Proposed Acquisition and the Proposed Disposal;
"Share(s)"	the ordinary share(s) of nominal value of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	the holder(s) of the Share(s);
"Special General Meeting"	the special general meeting of the Company to be convened for the purpose of allowing the Shareholders to consider and, if thought fit, approve the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and the transactions contemplated thereunder;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"sq. ft"	square feet;
"substantial shareholder"	has the same meaning as ascribed to this term under the Listing Rules;
"Supplemental Announcement"	the announcement of the Company dated 20 March 2019 in relation to, among other matters, the Supplemental Deed;

"Supplemental Deed"	the Supplemental Deed entered into among Tatpo, Jetco and Mr. Tang on 20 March 2019 to amend certain terms of the Share Exchange Agreement;
"Tang's Living"	Tang's Living Guesthouse (Morrison Hill Road) Limited (鄧氏賓館(摩理臣山道)有限公司), a company incorporated in Hong Kong with limited liability on 14 November 2017 and ultimately and wholly-owned by Mr. Tang Yiu Sing;
"Tatpo"	Tatpo Corporation Limited, a company incorporated under the laws of Liberia with limited liability on 11 November 1988 and a wholly-owned subsidiary of the Company. Tatpo is (a) the vendor of the Ocean Wide Share and the assignor of the Ocean Wide Shareholder's Loan under the Proposed Disposal; and (b) the purchaser of the Nigon Shares and assignee of the Nigon Shareholder's Loan under the Proposed Acquisition;
"Tatpo Securities"	the security interests given by, over or otherwise affecting Ocean Wide, Conley and/or the Sai Kung Property;
"Wan Chai Property"	the messuages, erections and buildings thereon now known as Minimal Hotel • Urban (簡悅酒店 • 銅鑼灣) (previously, Hotel Bonaparte), No. 11 Morrison Hill Road, Wan Chai, Hong Kong;
"Wan Chai Property Government Lease"	collectively, the government leases of Inland Lot No. 3983 and Inland Lot No. 3984; and
"%"	per cent.

CNT GROUP LIMITED
北 海 集 團 有 限 公 司
(Incorporated in Bermuda with limited liability)
(Stock Code: 701)

Executive Directors
Lam Ting Ball, Paul (Chairman)
Chong Chi Kwan (Managing Director)

Non-Executive Directors
Tsui Ho Chuen, Philip
Chan Wa Shek
Zhang Yulin
Hung Ting Ho, Richard

Independent non-executive Directors
Wu Hong Cho
Danny T Wong
Zhang Xiaojing

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office
Unit E, 28th Floor
CNT Tower
338 Hennessy Road
Wanchai
Hong Kong

26 March 2019

To the Shareholders,

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL
IN RELATION TO PROPOSED DISPOSAL OF
THE OCEAN WIDE SHARE
(2) MAJOR TRANSACTION
IN RELATION TO PROPOSED ACQUISITION OF
THE NIGON SHARES
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the Announcement and the Supplemental Announcement in relation to the Share Exchange Agreement, the Supplemental Deed and the transactions contemplated thereunder, including the Proposed Disposal and the Proposed Acquisition.

The purpose of this circular is to provide you with, inter alia, further details on the Share Exchange Agreement, the Supplemental Deed and the transactions contemplated thereunder, the financial information of the Ocean Wide Group, the accountants' report of the Nigon Group, the respective valuation reports of the Sai Kung Property and the Wan Chai Property, and the notice of the Special General Meeting.

THE SHARE EXCHANGE AGREEMENT AND THE SUPPLEMENTAL DEED

The principal terms of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) are set forth below:

Date of the Share Exchange Agreement	:	8 September 2018
Date of the Supplemental Deed	:	20 March 2019
Parties	:	(a) Tatpo, a wholly-owned subsidiary of the Company; (b) Jetco; and (c) Mr. Tang, as guarantor of Jetco. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, both Jetco and its ultimate beneficial owner(s) and Mr. Tang are Independent Third Parties.
Assets to be disposed of by Tatpo	:	the entire issued share capital of Ocean Wide and the Ocean Wide Shareholder's Loan.
Assets to be acquired by Tatpo	:	the entire issued share capital of Nigon and the Nigon Shareholder's Loan.
Consideration	:	The consideration for the Proposed Disposal is HK$900 million (subject to the Ocean Wide Adjustments), which shall be satisfied in cash by Jetco in the following manner: (a) as to HK$37 million (the "**Deposit**"), being the deposit and the part payment towards the consideration for the Proposed Disposal, has been paid by Jetco to Tatpo upon signing of the Share Exchange Agreement; and (b) as to HK$863 million, being the remaining balance of the consideration for the Proposed Disposal, after deducting the amount to (i) fully set off against consideration for the Proposed Acquisition (i.e. HK$530 million); and (ii) repay any amount that may be required to release the Tatpo Securities (which shall be payable to the relevant bank), if any, shall be paid by Jetco to Tatpo at Completion.

The consideration for the Proposed Acquisition is HK$530 million (subject to the Nigon Adjustments), shall be satisfied by Tatpo to Jetco at Completion by way of set-off against part of the consideration for the Proposed Disposal abovementioned.

Pursuant to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), the consideration of the Proposed Disposal and the consideration of the Proposed Acquisition will be adjusted upward or downward on a dollar-to-dollar basis with reference to the Nigon Net Asset Value and the Ocean Wide Net Asset Value.

The amount to be paid on Completion will be based on the Nigon Net Assets Value stated in the Nigon Pro Forma Completion Accounts and the Ocean Wide Net Asset Value stated in the Ocean Wide Pro Forma Completion Accounts respectively.

In the event that the consideration for the Proposed Disposal and the consideration for the Proposed Acquisition are required to be further adjusted after finalisation of the Ocean Wide Completion Accounts and the Nigon Completion Accounts, Tatpo and Jetco shall settle the balance within 10 business days after the finalisation of the said completion accounts in cash.

Based on the information available as at the Latest Practicable Date, the Directors expect that no outstanding amount will be required to pay for the release of the Tatpo Securities upon Completion. As such, the Directors expect that the Group will receive not less than HK$370 million (subject to the Ocean Wide Adjustments and the Nigon Adjustments) by way of cash upon Completion.

Basis of Consideration	:	The consideration of the Proposed Disposal was determined after arm's length negotiations between Tatpo and Jetco on normal commercial terms principally with reference to, among others, (i) the preliminary valuation of the Sai Kung Property on existing use basis at HK$415 million carried out by BMI Appraisals Limited on 31 July 2018; and (ii) the premium over the appraised value of the Sai Kung Property that Mr. Tang is willing to pay. The consideration of the Proposed Acquisition was determined after arm's length negotiations between Tatpo and Jetco on normal commercial terms principally with reference to, among others, the valuation of the Wan Chai Property at HK$530 million carried out by Centaline Surveyors Limited on 31 July 2018. BMI Appraisals Limited and Centaline Surveyors Limited are independent surveyors to the Company. The valuers valued the Sai Kung Property and the Wan Chai Property by comparison approach with reference to comparable market transactions as reported in the market at similar locations. The Directors (including the independent non-executive Directors) consider that the consideration involved in the Proposed Disposal and the Proposed Acquisition are favourable to the Group and are in the interest of the Company and the Shareholders as a whole.
Interest on late payment	:	If a party fails to pay an amount required to be paid under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) when it is due, that party must pay interest on the amount due at the rate per year of 2.0 per cent above the best lending rate from time to time of The Hongkong and Shanghai Banking Corporation Limited.
Conditions of the Proposed Disposal	:	Completion of the Proposed Disposal is subject to the following Disposal Conditions: (i) the passing by the Shareholders in the Special General Meeting approving the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and the transactions contemplated in or accidental thereunder;

(ii) Jetco having undertaken a due diligence review of the Ocean Wide Group and the Sai Kung Property and has not identified any issues which may have a material adverse effect on the financial position of Ocean Wide and/or the Sai Kung Property;

(iii) Conley is the sole registered and beneficial owner of the Sai Kung Property free from Encumbrances and is able to show and give good title to the Sai Kung Property in accordance with the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);

(iv) Tatpo is the sole and beneficial owner of the Ocean Wide Share and Ocean Wide Shareholder's Loan free from all Encumbrances and has the capacity and power to sell the Ocean Wide Share and assign the Ocean Wide Shareholder's Loan to Jetco free from all Encumbrances;

(v) there having been no breach by Tatpo of the fundamental warranties it provided under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);

(vi) no part of the Sai Kung Property is, for any reason, condemned, closed or declared dangerous by the relevant Government Authority, damaged, destroyed, rendered inaccessible or subject to demolition order(s) of closure order(s) under BO or DBO or any other applicable legislation of a like nature; and

(vii) the Proposed Acquisition being completed simultaneously.

Other than the Disposal Conditions (i) and (vii) abovementioned which are not waivable, Jetco may waive all the other Disposal Conditions.

If the Disposal Condition (i) has not been satisfied at or before 1:00 p.m. on 31 May 2019, Tatpo and Jetco shall postpone the Completion Date to the Long-stop Date. If the Disposal Condition (i) has not been satisfied at or before 1:00 p.m. on the Long-stop Date, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).

If the Disposal Condition (vii) has not been satisfied at or before 1:00 p.m. on 31 May 2019 as a result of (x) a default by Tatpo of using its reasonable endeavour to procure satisfaction of certain Acquisition Conditions; or (y) a default by Tatpo to complete the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), Jetco may at its option postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Jetco chooses not to postpone the Completion Date, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).

If any of the Disposal Conditions (other than the Disposal Conditions (i) or (vii)) has not been satisfied (or waived by Jetco to the extent it may be waived) at or before 1:00 p.m. on 31 May 2019, Jetco may at its option postpone the Completion Date to the Long-stop Date. However, if Jetco chooses not to postpone the Completion Date to the Long-stop Date or if any of such Disposal Conditions has not been satisfied (or waived by Jetco to the extent that it may be waived) on or before the Long-stop Date, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).

Conditions of the Proposed Acquisition : Completion of the Proposed Acquisition is subject to the following Acquisition Conditions:

(i) Tatpo having undertaken a due diligence review of the Nigon Group and the Wan Chai Property and has not identified any issues which may have a material adverse effect on the financial position of Nigon and/or the Wan Chai Property;

(ii) Nigon is the sole registered and beneficial owner of the Wan Chai Property free from Encumbrances and is able to show and give good title to the Wan Chai Property in accordance with the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);

(iii) Jetco is the sole and beneficial owner of the Nigon Shares and Nigon Shareholder's Loan free from all Encumbrances and has the capacity and power to sell the Nigon Shares and assign the Nigon Shareholder's Loan to Tatpo free from all Encumbrances;

(iv) there having been no breach by Jetco of the fundamental warranties it provided under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed);

(v) no part of the Wan Chai Property is, for any reason, condemned, closed or declared dangerous by the relevant Government Authority, damaged, destroyed, rendered inaccessible or subject to demolition order(s) of closure order(s) under BO or DBO or any other applicable legislation of a like nature;

(vi) Nigon has disposed of the entire issued share capital of Lead Creation to Mr. Tang or an entity nominated by him;

(vii) the passing by the Shareholders in the Special General Meeting approving the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and the transactions contemplated in or accidental thereunder; and

(viii) the Proposed Disposal being completed simultaneously.

Other than the Acquisition Conditions (vi), (vii) and (viii) which are not waivable, Tatpo may waive all the other Acquisition Conditions.

If the Acquisition Condition (vii) has not been satisfied at or before 1:00 p.m. on 31 May 2019, Tatpo and Jetco shall postpone the Completion Date to the Long-stop Date. If the Acquisition Condition (vii) has not been satisfied at or before 1:00 p.m. on the Long-stop Date, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).

If the Acquisition Condition (viii) has not been satisfied at or before 1:00 p.m. on 31 May 2019 as a result of (x) a default by Jetco of using its reasonable endeavour to procure satisfaction of certain Disposal Conditions; or (y) a default by Jetco to complete the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), Tatpo may at its option postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Tatpo chooses not to postpone the Completion Date, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall be entitled to forfeit and retain the Deposit.

If any of the Acquisition Conditions (other than the Acquisition Conditions (vii) and (viii)) has not been satisfied (or waived by Tatpo to the extent it may be waived) at or before 1:00 p.m. on 31 May 2019, Tatpo may at its option further postpone the Completion Date to the Long-stop Date.

However, if Tatpo chooses not to postpone the Completion Date to the Long-stop Date or if any of the abovementioned Acquisition Conditions (other than the Acquisition Conditions (vii) and (viii)) has not been satisfied (or waived by Tatpo to the extent it may be waived) at or before 1:00 p.m. on the Long-stop Date, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall be entitled to forfeit and retain the Deposit.

Completion	:	The Proposed Disposal and the Proposed Acquisition are inter-conditional. Subject to the Disposal Conditions and the Acquisition Conditions being satisfied (or waived in accordance with the terms of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed)), Completion is expected to take place on the Completion Date. In the event that the Completion does not take place as a result of the default of Tatpo to complete the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), Jetco may postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Jetco chooses to terminate the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed). In the event that the Completion does not take place as a result of the default of Jetco to complete the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), Tatpo may postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Tatpo chooses to terminate the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), Tatpo shall be entitled to forfeit and retain the Deposit.
Termination for defective title	:	By 12 October 2018, Jetco and Tatpo must indicate to each other that it either accepts or does not accept Conley's good title to the Sai Kung Property or Nigon's good title to the Wan Chai Property (as the case may be).

If the conveyancing solicitor of Jetco insist with its objection or requisitions that the title of Sai Kung Property is defective, Tatpo may at its liberty give Jetco not less than 5 business days' notice in writing to terminate the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), in which case, unless the objection or requisition shall have been withdrawn, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated with effect from the expiry of the said notice period and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).

If the conveyancing solicitor of Tatpo insist with its objection or requisitions that the title of Wan Chai Property is defective, Jetco may at its liberty give Tatpo not less than 5 business days' notice in writing to terminate the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), in which case, unless the objection or requisition shall have been withdrawn, the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall be terminated with effect from the expiry of the said notice period and that none of the parties to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).

On 12 October 2018, each of Jetco and Tatpo has informed the other party that Conley's good title to the Sai Kung Property and Nigon's good title to the Wan Chai Property (as the case may be) have been accepted.

Guarantee	:	Mr. Tang has agreed to unconditionally and irrevocably guarantee the due and punctual performances, observance and discharge by Jetco of all its obligations (whether payment obligations or otherwise) under or pursuant to the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed).
Leaseback of the Wan Chai Property	:	Immediately before Completion, the Wan Chai Property will be leased back by Nigon, which will become a wholly-owned subsidiary of the Group upon Completion, as landlord to Tang's Living as tenant for a term of 3 years at a monthly rental of HK$1,325,000 (exclusive of management fees, rates and government rent (if any)) and with an option to renew the lease for two further terms each of 3 years at the then open market rent.

INFORMATION OF JETCO, MR. TANG AND TANG'S LIVING

Jetco is an investment holding company and the sole shareholder of Nigon. Mr. Tang is the sole ultimate beneficial owner of Jetco. Tang's Living is a hotel operating company ultimately and wholly-owned by Mr. Tang Yiu Sing, son of Mr. Tang. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Jetco, Tang's Living and their respective ultimate beneficial owner(s), Mr. Tang Yiu Sing and Mr. Tang are Independent Third Parties.

INFORMATION OF NIGON, LEAD CREATION AND THE WAN CHAI PROPERTY

Nigon is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding, property investment and letting of properties. Based on the information provided by Jetco, it acquired the entire issued share capital of Nigon in February 2018 for a consideration of HK$395 million.

The Wan Chai Property is a building with gross floor area of approximately 24,283 sq. ft. The Wan Chai Property comprises a 24-storey building and is currently used as a hotel under the name "Minimal Hotel • Urban (簡悅酒店 • 銅鑼灣)". As at the date of this letter, the Wan Chai Property is subject to two tenancy arrangements with monthly rental of HK$1,325,000 in aggregate, which both will be terminated on or before Completion. The ground floor of the Wan Chai Property has been leased to a tenant for running restaurant business for a lease term expiring on 7 December 2019 and the remaining portion of the Wan Chai Property has been leased to Tang's Living for a lease term renewable on a monthly basis until Completion.

As at the date of the Share Exchange Agreement, Nigon was the sole shareholder of Lead Creation, which is a company incorporated in Hong Kong with limited liability and is principally engaged in hotel operation. Lead Creation is currently holding a hotel licence issued under the Hotel and Guesthouse Accommodation Ordinance (Chapter 349 of the Laws of Hong Kong) to operate, keep, manage or otherwise have control of the Wan Chai Property as a hotel and is responsible for ensuring that the Wan Chai Property complies with the licensing conditions and satisfies with the various codes of practices and requirements that is qualified to be operated as a hotel. On 30 November 2018, Nigon disposed of the entire issued share capital of Lead Creation to Mr. Tang. To the best of the Director's knowledge, information and belief, the Wan Chai Property has become the only major assets held by Nigon since then.

The Company does not intend to engage in hotel operation business and does not want to take up the statutory responsibility to operate, keep, manage or control the Wan Chai Property. It intends to focus on its investment property business so as to merely act as a landlord of the Wan Chai Property. As such, the Company takes the view that by acquiring Nigon (being the registered owner of the Wan Chai Property) without Lead Creation (being the holder of a hotel licence) will be the best way to achieve its purpose of acting merely as a landlord and to reflect its intention of focusing on its current business.

The selected consolidated financial information of Nigon Group for the two years ended 31 March 2017 and 2018 are as follows:

	Year ended 31 March 2017	**Year ended 31 March 2018**
	HK$'000	HK$'000
	(Audited)	(Audited)
Loss before tax	(1,323)	(434)
Loss after tax	(1,680)	(1,060)

The consolidated net asset value of Nigon Group as at 31 March 2018 amounted to approximately HK$159.0 million.

The excess of the consideration for the Proposed Acquisition over the net assets value of Nigon Group as at 31 March 2018 was approximately HK$371.0 million, which represents the difference between the consideration for the Proposed Acquisition of HK$530 million and the consolidated net asset value of the Nigon Group as at 31 March 2018 of HK$159.0 million.

The reconciliation between the selected consolidated financial information of Nigon Group for the two years ended 31 March 2017 and 2018 and the financial information in the Accountants' Report of the Nigon Group as set out in Appendix II(B) to this circular is as follows:

	Year ended 31 March 2017	**Year ended 31 March 2018**
	HK$'000	HK$'000
	(Audited)	(Audited)
Loss before tax from continuing operation	(6,043)	(5,440)
Add: Profit before tax from discontinued operation	4,720	5,006
Loss before tax of Nigon Group	(1,323)	(434)

The financial information of the Nigon Group set forth above includes the financial information of Lead Creation, which was based on the unaudited management accounts. However, because the supporting accounting books and records of Lead Creation available to the Company and the Company's auditors were incomplete, the auditors preparing the Accountants' Report of the Nigon Group were unable to obtain sufficient appropriate audit evidence and were unable to carry out alternative audit procedures to satisfy themselves about the financial information of Lead Creation included in the Historical Financial Information of the Nigon Group (as defined in Appendix II(B) to this circular). As such, they do not express an audit opinion about whether the Historical Financial Information gives for the purposes of the accountants' report, a true and fair view of the financial positions of the Nigon Group and Nigon as at 31 March 2016, 2017 and 2018 and 30 September 2018, and of the financial performance and cash flows of the Nigon Group for each of the Relevant Periods. Please refer to Appendix II(B) to this circular for details.

As mentioned before, the Company only intends to acquire the Wan Chai Property with steady recurrent income streams to form part of its investment property portfolio. The Group has no intention to acquire the hospitality business of Lead Creation. As the issue of incomplete supporting accounting books and records leading to the disclaimer opinion was solely related to Lead Creation while the most significant asset of the Nigon Group is the Wan Chai Property which estimated fair values as of the end of each of the financial years are recorded in the relevant financial statements of Nigon with reference to independent property valuations, the Board considers that the Shareholders have sufficient information to consider the terms of the Proposed Acquisition and to arrive at a properly informed decision.

As Nigon has already disposed of Lead Creation on 30 November 2018, only Nigon will become a subsidiary of the Company upon Completion. Auditors of the Company have confirmed that the said disclaimer opinion on Nigon Group will not affect the audit opinion on the Company's financial statements for the year ended 31 December 2018 and the year ending 31 December 2019.

Upon Completion, the Wan Chai Property will be held by the Group as part of its investment property portfolio and will be leased back by Nigon (which will become a wholly-owned subsidiary of the Company upon Completion) as landlord to Tang's Living as tenant for a term of 3 years with an option to renew the lease for two further terms each of 3 years at the then market rent pursuant to the Leaseback Agreement. Tang's Living must give Nigon not less than 3 months prior notice in writing of its desire to exercise such option to renew before expiry of the relevant term.

As Lead Creation is currently held by Mr. Tang and that the Wan Chai Property will be leased back to Tang's Living upon Completion, the Board takes the view that the operation of the Wan Chai Property will not be interrupted during the terms of the Leaseback Agreement. In the event that the Leaseback Agreement has been terminated or expired, the Company intends to market the Wan Chai Property to other hotel operators who have requisite licences to operate the Wan Chai Property as a hotel. Depends on the market condition and the combination of circumstances at the time, the Company may also apply for the hotel licence issued under the Hotel and Guesthouse Accommodation Ordinance (Chapter 349 of the Laws of Hong Kong) if it is to the interest of the Group and the Shareholders. As the Company will be informed at least 3 months prior to the expiry of the tenancy, the Company believes that it will be able to secure a new tenant or to acquire the necessary hotel licence before the termination of the tenancy without causing any material disruption to the operation of the Wan Chai Property.

INFORMATION OF OCEAN WIDE, CONLEY AND THE SAI KUNG PROPERTY

Ocean Wide is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. Ocean Wide has no business activity other than being the sole shareholder of Conley.

Conley is an investment holding company incorporated in Hong Kong with limited liability. Conley is currently holding the Sai Kung Property.

The Sai Kung Property is a land with gross floor area of approximately 143,252 sq. ft. The Sai Kung Property comprises two 4-storey industrial buildings and is currently leased to subsidiaries of the CPM Group and other Independent Third Parties. The Sai Kung Property was built by members of the Group between 1988 and 1990 for industrial purpose. Since 1993, with the relocation of the paint and coating production lines to the PRC by the subsidiaries of CPM Group, the Sai Kung Property has been treated as an investment property of the Group. In order to secure a re-development opportunity for the purpose of achieving a high investment return or enhancing the property portfolios of the Group, the Group submitted a planning application under Section 16 of Town Planning Ordinance (Chapter 131 of the laws of Hong Kong) to seek the Town Planning Board's approval for a proposed residential development on the Sai Kung Property in May 2016. On 2 March 2018, the Town Planning Board has approved the application with conditions. The approved plot ratio is 2.036 with a maximum total GFA of about 80,288 sq. ft.

During the year ended 31 December 2017, the Group received gross rental income (including inter-group rental) of HK$27.0 million from the Sai Kung Property and recorded a fair value gain of HK$16.6 million. After deducting the relevant expenses borne by the Group, the Group received net rental income (including inter-group rental of HK$1.3 million from the Sai Kung Property) of HK$23.9 million during the year ended 31 December 2017.

The selected consolidated financial information of the Ocean Wide Group for the two years ended 31 December 2016 and 2017 are as follows:

	Year ended 31 December 2016	**Year ended 31 December 2017**
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit before tax	31,850	36,413
Profit after tax	27,841	33,281

The consolidated net asset value of the Ocean Wide Group as at 31 December 2017 amounted to approximately HK$293.3 million. The excess of the consideration for the Proposed Disposal over the net asset value of the Ocean Wide Group as at 31 December 2017 was approximately HK$554.4 million, which represents the difference between the consideration for the Proposed Disposal of HK$900 million and the net asset value of the Ocean Wide Group (after excluding HK$52.3 million of shareholder's loan) as at 31 December 2017 of HK$345.6 million.

Immediately prior to the Completion, Ocean Wide is held as to 100% by the Group. After completion of the Proposed Disposal, the entire issued share capital of Ocean Wide will be held by Jetco and the Group will cease to have any interest in Ocean Wide, Conley and the Sai Kung Property.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL AND THE PROPOSED ACQUISITION

The Group is principally engaged in four business activities, namely: (i) property investment (including the investment in properties for rental income or for sale, and the proposed columbarium development in Hong Kong); (ii) trading of iron and steel products and related investment; (iii) through its non-wholly owned subsidiary, CPM Group, manufacturing and sales of paint products; and (iv) investment holding activities. The property investment business segment, which represents a major business segment of the Group as of the Latest Practicable Date, consists of (a) investments in residential, commercial and industrial properties for their rental income; and (b) development and sales of real estate properties (including columbarium development). The Group intends to continue to conduct all its existing business after Completion and has no intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about any disposal, scaling-down and/or termination of its existing business on sale of the paint products and sale of iron and steel projects and/or other major operating assets.

As property investment business is one of the core businesses of the Group, the Board reviews the existing investment portfolio from time to time and explores other business opportunities to enhance the value of the Company and return to the Shareholders. After the Town Planning Board has approved the proposed residential development on the Sai Kung Property in March 2018, the Group has performed a detailed cost-benefits analysis and noted that the valuation of the Sai Kung Property on a redevelopment basis as at 31 July 2018 is estimated to be approximately HK$708 million (having taken into account a land premium payable to the government of approximately HK$466 million), and if the Group would re-develop the Sai Kung Property by itself, the re-development project would require a substantial amount of redevelopment costs of approximately HK$682 million (having taken into account a land premium payable to the government of approximately HK$466 million) and at least 48 months to complete the project, during which, the Group may encounter various uncertainties, including the fluctuation in the global and local economic and property market and the surge in the bank loan interests. In the first quarter of 2018, Mr. Tang proposed to the Group to acquire the Sai Kung Property in exchange for the Wan Chai Property. Based on the information in public domain, Mr. Tang is the owner of the industrial properties surrounding the Sai Kung Property.

After taking into account the valuation of the Sai Kung Property on a redevelopment basis, the redevelopment costs and the length of time involved in a redevelopment project and comparing the consideration of HK$900 million with the preliminary estimated market value on the Sai Kung Property as at 31 July 2018, and the consolidated net assets value of the Ocean Wide Group as at 31 December 2018, the Board considers that the consideration of HK$900 million is (a) HK$485 million higher than the preliminary estimated market value of the Sai Kung Property of HK$415 million valued as at 31 July 2018; and (b) HK$533.8 million higher than the consolidated net asset value of the Ocean Wide Group as at 31 December 2018. As such, the Board considers that it will receive a higher investment return by entering the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) which can be used for enhancing the investment property portfolio of the Group and that the Proposed Disposal is fair and reasonable for the Company and the Shareholders as a whole.

Based on the latest consolidated management account of the Ocean Wide Group, the consolidated net assets value of Ocean Wide as at 31 December 2018 was HK$366.1 million, including the Ocean Wide Shareholder's Loan of HK$42.3 million. Taking into account of the consideration of the Proposed Disposal of HK$900 million, the Directors expect that the Group would record a gain from the Proposed Disposal of approximately HK$491.6 million before tax and transaction costs and an increase in the net assets of the Group by approximately HK$491.6 million. Such gain is determined with reference to the unaudited consolidated financial statements of Ocean Wide Group for the year ended 31 December 2018. Subject to completion of audit, the actual amount of the gain on the Proposed Disposal to be recognised by the Group will be based on the actual net asset value of Ocean Wide as of the Completion Date and therefore may vary from the amount mentioned above.

In light of the above, the Board considers that the Proposed Disposal and the Proposed Acquisition provide an opportunity for the Group to realise the Sai Kung Property, being part of its strategic investment in light of the current favourable commercial property environment in Hong Kong in exchange for a whole block of hotel situated in urban area as part of the Group's investment property portfolio which is expected to bring in steady recurrent income at a gross yield of approximately 3% per annum.

Further, the Proposed Disposal and the Proposed Acquisition may be potentially accretive to the net asset value of the Group as a whole and the net proceeds in the amount of HK$370 million can further strengthen the cash position of the Group and will allow the Group to acquire additional residential and/or commercial premises in Hong Kong and/or the PRC in order to enhance its investment property portfolio for the purpose of strengthening the recurring income and cash flows for long term investment properties.

As the Group has no intention to engage in hospitality business and will not consider to acquire Lead Creation, despite of the disclaimer opinion given by its auditors on Nigon's financial statements for incomplete supporting accounting books and records of Lead Creation which the Board considers irrelevant, the Board considers that the Proposed Acquisition is fair and reasonable for the Company and the Shareholders as a whole.

The Directors consider that the terms of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), which are determined after arm's length negotiations between Tatpo and Jetco, are on normal commercial terms which are fair and reasonable, and the entering into of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) is in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL AND THE PROPOSED ACQUISITION

Upon Completion, the Company will cease to hold any equity interests in Ocean Wide and Nigon will become a wholly-owned subsidiary of the Company and the financial effect of Nigon will be consolidated into the Remaining Group and become the Enlarged Group. The accompanying unaudited pro forma financial information of the Remaining Group and the Enlarged Group set forth in Appendix IV to this circular has been prepared to illustrate the effect of the Proposed Disposal and the Proposed Acquisition.

Based on the unaudited pro forma financial information of the Remaining Group and the Enlarged Group as set out in Appendix IV to this circular and on the basis of assumptions as stated in Appendix IV, the Proposed Disposal and the Proposed Acquisition will have the following effect to the Group:

(a) the unaudited pro forma consolidated profit of the Enlarged Group for the year ended 31 December 2017 would be approximately HK$578.5 million;

(b) (i) the unaudited pro forma consolidated total assets of the Enlarged Group will be increased by approximately HK$542.0 million as at 31 December 2017; and

(ii) the unaudited pro forma consolidated total liabilities of the Enlarged Group will be decreased by approximately HK$10.5 million as at 31 December 2017.

Assets and Liabilities

As set out in the unaudited pro forma financial information of the Remaining Group and the Enlarged Group in Appendix IV to this circular, as at 31 December 2017, the total assets of the Enlarged Group will be increased from HK$2,390.3 million to HK$2,932.3 million, the total liabilities of the Enlarged Group will be decreased from HK$629.2 million to HK$618.7 million and the net assets of the Enlarged Group will be increased from HK$1,761.1 million to HK$2,313.6 million.

Earnings

Upon completion of the Proposed Acquisition and the Proposed Disposal, Nigon will become a wholly-owned subsidiary of the Company and its results will be consolidated to the Enlarged Group. Based on the net profit after taxation of Nigon Group of HK$136.4 million for the six months ended 30 September 2018, the Proposed Acquisition will have a positive impact to the Enlarged Group.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the manufacture and sale of paint products, property investment business, iron and steel trading business and other business. As stated in the annual report of the Company for the year ended 31 December 2017 and interim report for the six months ended 30 June 2018, paint business and property investment business are the key development of the Group at this stage.

For paint business, the Group considers that the current market situation remains challenging and competitive. The Group will remain prudent in the business development and will devote additional resources to promote the branded paint and coating products of the Group and improve the production process and technology. The distribution network and the sales and marketing activities, which target at a high-growth and environmental-friendly paint and coating products, will also be enhanced.

For property investment business, upon the completion of the Proposed Disposal and the Proposed Acquisition, the Group can realise the gain on disposal of the Sai Kung Property in exchange for a whole block of hotel situated in urban area which is expected to bring in steady recurrent income at a gross yield of approximately 3% per annum. The Group will continuously review the portfolio of its investment properties with a view to acquire additional properties in prime areas in Hong Kong and/or the PRC and to maintain a constant stream of revenue. The receipt of net proceeds from the Proposed Disposal may be used by the Enlarged Group to acquire such additional residential and/or commercial premises with recurring stream of revenue and cash flow for long term investment purposes when opportunities arise.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.24 of the Listing Rules, the Stock Exchange will apply the percentage ratios to each of the Proposed Disposal and the Proposed Acquisition.

As one of the percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal constitutes a very substantial disposal on the part of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As one of the percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Proposed Acquisition exceeds 25% but is below 100%, the Proposed Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Special General Meeting

The Special General Meeting will be held on Thursday, 9 May 2019 at 11:00 a.m. at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong, for the purpose of considering, and if thought fit, approving the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and the transactions contemplated thereunder, including but not limited to the Proposed Disposal and the Proposed Acquisition. A notice convening the Special General Meeting is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend the Special General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the Special General Meeting if you so wish.

As no Shareholder has an interest in the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) that is materially different from other Shareholders, no Shareholder is required to abstain from voting at the Special General Meeting in respect of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and the transactions contemplated thereunder.

RECOMMENDATION

The Directors consider the terms of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the Special General Meeting for approving the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and the transactions contemplated thereunder.

FURTHER INFORMATION

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

Yours faithfully,
On behalf of the Board
CNT Group Limited
Lam Ting Ball, Paul
Chairman

I. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for (i) the year ended 31 December 2015 is disclosed in the 2015 annual report of the Company published on 25 April 2016, from page 33 to 136; (ii) the year ended 31 December 2016 is disclosed in the 2016 annual report of the Company published on 26 April 2017, from page 49 to 143, and (iii) the year ended 31 December 2017 is disclosed in the 2017 annual report of the Company published on 26 April 2018, from page 53 to 148, all of which have been published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the website of the Company (www.cntgroup.com.hk).

II. INDEBTEDNESS

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of this indebtedness statement, the indebtedness of the Group and Nigon was as follows:

Securities

At the close of business on 31 January 2019, certain property, plant and equipment, investment properties and cash deposits of the Group, with a carrying amount of approximately HK$380.0 million as at 31 January 2019 and the shares of a subsidiary, were pledged to the banks for the bank and other borrowings and bills payable. An investment property of Nigon with a carrying amount of HK$530.0 million, a first floating charges over all the assets and business undertakings of Nigon and an assignment of receivables of Nigon were also pledged to a bank for the bank borrowings of Nigon.

Secured bank and other borrowings and bills payable

At the close of business on 31 January 2019, the Group had outstanding bank and other borrowings of approximately HK$275.6 million, certain of which contained a repayment on demand clause. HK$174.2 million of the Group's bank and other borrowings and HK$17.3 million of bills payable were secured by the Group's certain property, plant and equipment, investment properties, cash deposits and shares of a subsidiary. The Group's secured bank and other borrowings bear interest at a range from 2.2% to 8.8% per annum. Nigon had outstanding bank borrowings of HK$242.1 million, which contained a repayment on demand clause and were secured by an investment property held by Nigon, certain properties held by Nigon's related parties, a first floating charges over all the assets and business undertakings of Nigon, an assignment of receivables of Nigon, a charge over account provided by a related company of Nigon, an assignment of rental proceeds from the properties held by Nigon's related parties, a joint and several personal guarantee of HK$242.1 million plus interests and charges provided by the directors of Nigon and an unlimited corporate guarantee provided by another related company of Nigon. Nigon's secured bank borrowings bear interest at 3.3%.

Save as aforesaid and apart from the aforementioned, the bank and other borrowings and bills payable of approximately HK$68.1 million were guaranteed by the Company.

Commitments

At the close of business on 31 January 2019, other than the HK$1.02 million finance lease payable which has already been included in the bank and other borrowings, the Group had no finance lease commitments against the Group's assets.

Contingent liabilities

Litigation

The Company has been named as a nominal defendant in a derivative action initiated by Chinaculture.com Limited, a substantial shareholder of the Company, against certain Directors and the Company. Details of the derivative action are set forth in the announcements of the Company dated 22 June 2017, 25 June 2017, 30 June 2017, 7 July 2017, 19 September 2017, 16 November 2017, 28 November 2017, 13 December 2017 and 10 January 2018 respectively.

Guarantee given to a bank

At the close of business on 31 January 2019, an unlimited guarantee was given by Nigon to a bank in connection with a facility granted to a related company of Nigon. The banking facility guaranteed by Nigon to the related company was utilised to the extent of HK$75.0 million.

Disclaimer

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, the Group did not have any outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 31 January 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular.

Save as aforesaid, the Directors are not aware of any material changes in the indebtedness, contingent liabilities and commitments of the Group since 31 January 2019, the date to which the indebtedness statement is made and up to the Latest Practicable Date.

III. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the effects of the Proposed Disposal and the Proposed Acquisition and the Remaining Group's financial resources, including internally generated funds and presently available credit facilities before the Proposed Disposal and the Proposed Acquisition, the Remaining Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest audited financial statements of the Group were made up.

I. UNAUDITED FINANCIAL INFORMATION OF THE OCEAN WIDE GROUP

Set out below are the unaudited financial information of Ocean Wide Assets Limited (‘‘Ocean Wide’’) and its subsidiary (collectively, the ‘‘Ocean Wide Group’’) which comprises the unaudited consolidated statements of financial position of the Ocean Wide Group as at 31 December 2015, 2016 and 2017 and 30 September 2018 and the related unaudited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the years ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2017 and 2018 and certain explanatory notes (altogether the ‘‘Unaudited Financial Information’’).

The auditors of CNT Group Limited (the ‘‘Company’’), Ernst & Young, have reviewed the Unaudited Financial Information of the Ocean Wide Group in accordance with Hong Kong Standard on Review Engagements 2410 ‘‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’’ and with reference to Practice Note 750 ‘‘Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal’’ issued by the Hong Kong Institute of Certified Public Accountants (the ‘‘HKICPA’’). A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express any audit opinion.

Based on the auditors' review, nothing has come to their attention that causes them to believe that the Unaudited Financial Information of the Ocean Wide Group is not prepared, in all material respects, in accordance with the basis of preparation as set out in Note 2 below.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Years ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	HK$	HK$	HK$	HK$	HK$
REVENUE	26,598,482	27,950,843	26,991,653	20,900,940	10,461,295
Other income and gains	9,636,044	8,197,707	17,237,160	10,200,886	63,245,986
Depreciation	(2,745)	(2,744)	(2,745)	(2,058)	(2,058)
Rent and rates	(704,128)	(834,229)	(937,744)	(697,968)	(917,598)
Employee benefit expense	–	(973,274)	(871,046)	(647,760)	(731,604)
Other expenses	(2,739,430)	(2,475,669)	(6,003,978)	(4,490,612)	(2,966,984)
Finance cost	(849,156)	(12,557)	–	–	–
PROFIT BEFORE TAX	31,939,067	31,850,077	36,413,300	25,263,428	69,089,037
Income tax expense	(3,878,417)	(4,008,929)	(3,132,066)	(2,344,050)	(954,049)
PROFIT FOR THE YEAR/PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	28,060,650	27,841,148	33,281,234	22,919,378	68,134,988

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	HK$	HK$	HK$	HK$
NON-CURRENT ASSETS				
Property, plant and equipment	13,954	11,210	8,465	6,407
Investment properties	326,471,272	334,619,979	351,786,514	415,000,000
Total non-current assets	326,485,226	334,631,189	351,794,979	415,006,407
CURRENT ASSETS				
Accounts receivables	770,946	3,227,270	1,011,054	125,297
Prepayments and deposits	520,508	824,605	1,044,325	223,531
Due from the ultimate holding company	–	8,849,895	–	–
Tax recoverable	–	–	867,451	92,268
Bank balance	2,210,161	1,445,660	4,429,857	1,935,587
Total current assets	3,501,615	14,347,430	7,352,687	2,376,683
CURRENT LIABILITIES				
Other payables and accruals	2,506,539	2,075,992	2,159,645	2,052,538
Due to the ultimate holding company	–	–	1,010,660	–
Due to the immediate holding company	51,450,156	51,460,814	51,262,131	42,301,468
Tax payable	6,053,029	217,773	–	–
Total current liabilities	60,009,724	53,754,579	54,432,436	44,354,006
NET CURRENT LIABILITIES	(56,508,109)	(39,407,149)	(47,079,749)	(41,977,323)
TOTAL ASSETS LESS CURRENT LIABILITIES	269,977,117	295,224,040	304,715,230	373,029,084
NON-CURRENT LIABILITIES				
Due to a fellow subsidiary	2,833,593	–	–	–
Deferred tax liabilities	10,967,156	11,206,524	11,416,480	11,595,346
Total non-current liabilities	13,800,749	11,206,524	11,416,480	11,595,346
Net assets	256,176,368	284,017,516	293,298,750	361,433,738
EQUITY				
Issued capital	8	8	8	8
Revaluation reserve	32,021,691	32,021,691	32,021,691	32,021,691
Retained profits	224,154,669	251,995,817	261,277,051	329,412,039
Total equity	256,176,368	284,017,516	293,298,750	361,433,738

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital HK$	Leasehold land and building revaluation reserve HK$	Retained profits HK$	Total HK$
At 1 January 2015	8	32,021,691	196,094,019	228,115,718
Profit and total comprehensive income for the year	–	–	28,060,650	28,060,650
At 31 December 2015 and 1 January 2016	8	32,021,691	224,154,669	256,176,368
Profit and total comprehensive income for the year	–	–	27,841,148	27,841,148
At 31 December 2016 and 1 January 2017	8	32,021,691	251,995,817	284,017,516
Profit and total comprehensive income for the year	–	–	33,281,234	33,281,234
Interim 2017 dividend declared	–	–	(24,000,000)	(24,000,000)
At 31 December 2017 and 1 January 2018	8	32,021,691	261,277,051	293,298,750
Profit and total comprehensive income for the period	–	–	68,134,988	68,134,988
At 30 September 2018	8	32,021,691	329,412,039	361,433,738
For the nine months ended 30 September 2017				
At 1 January 2017	8	32,021,691	251,995,817	284,017,516
Profit and total comprehensive income for the period	–	–	22,919,378	22,919,378
At 30 September 2017	8	32,021,691	274,915,195	306,936,894

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	HK$	HK$	HK$	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	31,939,067	31,850,077	36,413,300	25,263,428	69,089,037
Adjustments for:					
Finance costs	849,156	12,557	–	–	–
Depreciation	2,745	2,744	2,745	2,058	2,058
Fair value gains on investment properties	(9,592,044)	(8,148,707)	(17,166,535)	(10,170,886)	(63,213,486)
Decrease/(increase) in accounts receivables	(592,414)	(2,456,324)	2,216,216	784,030	885,757
Increase/(decrease) in prepayments and deposits	832,086	(304,097)	(219,720)	(491,275)	820,794
Change in balances with the ultimate holding company	–	(8,849,895)	(14,349,445)	(14,349,445)	(1,010,660)
Increase/(decrease) in other payables and accruals	(816,403)	(430,547)	83,653	408,674	(107,107)
Decrease in an amount due to a fellow subsidiary	(19,700,738)	(2,833,593)	–	–	–
Cash generated from/(used in) operations	2,921,455	8,842,215	6,980,214	1,446,584	6,466,393
Hong Kong profits tax paid	–	(9,604,817)	(4,007,334)	–	–
Net cash flows from/(used in) operating activities	2,921,455	(762,602)	2,972,880	1,446,584	6,466,393

	Years ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	HK$	HK$	HK$	HK$	HK$
CASH FLOWS FROM AN INVESTING ACTIVITY					
Additions to investment properties	(877,000)	–	–	–	–
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/(decrease) in an amount due to the immediate holding company	9,914	10,658	11,317	10,382	(8,960,663)
Interest paid	(849,156)	(12,557)	–	–	–
Net cash flows from/(used in) financing activities	(839,242)	(1,899)	11,317	10,382	(8,960,663)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,205,213	(764,501)	2,984,197	1,456,966	(2,494,270)
Cash and cash equivalents at beginning of year/period	1,004,948	2,210,161	1,445,660	1,445,660	4,429,857
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2,210,161	1,445,660	4,429,857	2,902,626	1,935,587
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Bank balance	2,210,161	1,445,660	4,429,857	2,902,626	1,935,587

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Ocean Wide Assets Limited (''Ocean Wide'') is a limited liability company incorporated in the British Virgin Islands. The registered office of Ocean Wide is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The principal activities of Ocean Wide and its subsidiary (collectively, the ''Ocean Wide Group'') are investment holding and property investment.

Ocean Wide is a wholly-owned subsidiary of Tatpo Corporation Limited (''Tatpo''), which is incorporated in Liberia. CNT Group Limited (the ''Company''), a company incorporated in Bermuda and listed in Hong Kong, is considered by the directors to be the ultimate holding company of Ocean Wide.

On 8 September 2018, Tatpo, Jetco (H.K.) Limited (the ''Purchaser'') and Mr. Tang Shing Bor entered into a share exchange agreement (the ''Agreement''), pursuant to which Tatpo agreed to (i) dispose of the entire issued share capital of Ocean Wide and the shareholder's loan owed by Ocean Wide to the Purchaser; and (ii) acquire the entire issued share capital of Nigon Hong Kong Limited (''Nigon'') and the shareholder's loan owed by Nigon from the Purchaser. The completion of the Agreement is expected to take place on or before 31 May 2019.

Information about a subsidiary

Particulars of Ocean Wide's subsidiary is as follows:

Name	Place of incorporation and business	Issued share capital	Percentage of equity attributable to Ocean Wide Direct	Principal activity
Conley Investment Limited	Hong Kong	HK$2	100	Property investment

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Unaudited Financial Information of the Ocean Wide Group for each of the years ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2017 and 2018 has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules, and solely for the purpose of inclusion in this circular to be issued by the Company in connection with the proposed disposal of the entire equity interest of Ocean Wide.

The Unaudited Financial Information for the years ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2017 and 2018 has been prepared using the same accounting policies adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017, which conform with the Hong Kong Financial Reporting Standards issued by the HKICPA.

The Unaudited Financial Information of the Ocean Wide Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" issued by the HKICPA nor an interim report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

The Unaudited Financial Information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The Unaudited Financial Information are presented in Hong Kong dollars ("HK$").

As at 30 September 2018, the current liabilities of the Ocean Wide Group exceeded its current assets by HK$41,977,323. The above condition indicated the existence of uncertainties which may cast significant doubt on the abilities of the Ocean Wide Group to continue as a going concern and therefore, the Ocean Wide Group may not be able to realise its assets and discharge its liabilities in normal course of business. However, the Company has undertaken to provide continued financial support to enable the Ocean Wide Group to fulfill its financial liabilities when they fall due. Accordingly, the Unaudited Financial Information has been prepared by the directors of the Company on a going concern basis.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Nigon Hong Kong Limited

Dear Sirs,

We were engaged to report on the historical financial information of Nigon Hong Kong Limited (''Nigon'') and its subsidiary (together, the ''Nigon Group'') set out on pages Appendix II(B)-4 to Appendix II(B)-65, which comprises the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Nigon Group for each of the years ended 31 March 2016, 2017 and 2018, and the six months ended 30 September 2018 (the ''Relevant Periods''), and the consolidated statements of financial position of the Nigon Group and the statements of financial position of Nigon as at 31 March 2016, 2017 and 2018, and 30 September 2018, and a summary of significant accounting policies and other explanatory information (together, the ''Historical Financial Information''). The Historical Financial Information set out on pages Appendix II(B)-4 to Appendix II(B)-65 forms an integral part of this report, which has been prepared for inclusion in the circular of CNT Group Limited (the ''Company'') dated 26 March 2019 (the ''Circular'') in connection with the proposed acquisition of entire equity interest of Nigon.

Directors' responsibility for the Historical Financial Information

The directors of Nigon are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you, in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA''). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement. However, because of the matter described in the *Basis for disclaimer of opinion* section below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on the Historical Financial Information.

Basis for disclaimer of opinion

The Historical Financial Information includes the financial information of the wholly-owned subsidiary of Nigon, Lead Creation Development Limited ("Lead Creation") based on its statutory financial statements and unaudited management accounts. Lead Creation was classified as a disposal group held for sale and as a discontinued operation as further explained in note 9 to the Historical Financial Information. However, because the supporting accounting books and records available to us were incomplete, we were unable to obtain sufficient appropriate audit evidence and were unable to carry out alternative audit procedures to satisfy ourselves about the financial information of Lead Creation included in the Historical Financial Information. Any adjustments to the financial information of Lead Creation found to be necessary would have a consequential effect on the Nigon Group's results for each of the years ended 31 March 2016, 2017 and 2018, and the six months ended 30 September 2018 and the net assets or liabilities of the Nigon Group as at those dates, the related elements making up the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, and the related disclosures thereof in the Historical Financial Information.

Disclaimer of opinion

We do not express an opinion as to whether the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial positions of the Nigon Group and Nigon as at 31 March 2016, 2017 and 2018, and 30 September 2018, and of the financial performance and cash flows of the Nigon Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Historical Financial Information.

Review of interim comparative financial information

We were engaged to review the interim comparative financial information of the Nigon Group which comprises the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 30 September 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of Nigon are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

However, because of the significance of the matter described in the Basis for disclaimer of opinion section of our report in respect of the financial information of Lead Creation, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion on the Interim Comparative Financial Information. Any adjustments to the financial information of Lead Creation found to be necessary would have a consequential effect on the Nigon Group's results, the related elements making up the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 30 September 2017, and the related disclosures thereof in the Interim Comparative Financial Information. Accordingly, we do not express a review conclusion on the Interim Comparative Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2019

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Nigon Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK$").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Years ended 31 March			Six months ended 30 September	
		2016	2017	2018	2017	2018
	Notes	HK$	HK$	HK$	HK$	HK$
					(Unaudited)	
CONTINUING OPERATIONS						
REVENUE	4	430,667	480,000	480,000	240,000	6,665,000
Other income and gain	4	831,414	654,913	436,722	262,874	134,575,500
Depreciation		(5,414,037)	(5,414,037)	(4,737,282)	(2,707,019)	–
Other expenses		(75,303)	(53,933)	(115,479)	(40,669)	(919,612)
Finance cost	5	(1,884,838)	(1,709,861)	(1,503,935)	(711,636)	(3,530,417)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6	(6,112,097)	(6,042,918)	(5,439,974)	(2,956,450)	136,790,471
Income tax expense	8	(258,821)	(270,235)	(211,307)	(145,844)	(365,652)
PROFIT/(LOSS) FOR THE RELEVANT PERIODS FROM CONTINUING OPERATIONS		(6,370,918)	(6,313,153)	(5,651,281)	(3,102,294)	136,424,819
DISCONTINUED OPERATION						
Profit/(loss) for the year/period from a discontinued operation	9	3,758,412	4,633,044	4,591,414	1,995,275	(4,029)
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		(2,612,506)	(1,680,109)	(1,059,867)	(1,107,019)	136,420,790

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years ended 31 March			Six months ended 30 September	
		2016	2017	2018	2017	2018
	Notes	HK$	HK$	HK$	HK$	HK$
					(Unaudited)	
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		(2,612,506)	(1,680,109)	(1,059,867)	(1,107,019)	136,420,790
OTHER COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Gain on property revaluation	10	–	–	183,175,784	–	–
Income tax effect		–	–	(3,506,956)	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD, NET OF TAX		–	–	179,668,828	–	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(2,612,506)	(1,680,109)	178,608,961	(1,107,019)	136,420,790

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

			As at 31 March		As at 30 September
		2016	2017	2018	2018
	Notes	HK$	HK$	HK$	HK$
NON-CURRENT ASSETS					
Property, plant and equipment	10	222,846,856	217,142,274	–	–
Investment property	11	–	–	395,000,000	530,000,000
Utility and other deposits	13	448,536	447,000	516,100	421,300
Deferred tax assets	18	14,878	10,817	–	–
Total non-current assets		223,310,270	217,600,091	395,516,100	530,421,300
CURRENT ASSETS					
Inventories		61,728	47,606	–	–
Accounts receivable	12	469,603	752,050	60,000	6,425,000
Prepayments and deposits	13	347,455	262,611	82,500	14,629
Due from a related company	14	49,122,157	81,077,070	40,822,700	35,336,663
Tax recoverable		234,326	151,621	–	–
Bank balance		37,623,636	6,086,743	3,600,000	4,202,928
		87,858,905	88,377,701	44,565,200	45,979,220
Assets of a disposal group classified as held for sale	9	–	–	183,808	48,619
Total current assets		87,858,905	88,377,701	44,749,008	46,027,839
CURRENT LIABILITIES					
Trade payables		1,168,986	1,219,517	–	–
Other payables and accruals	15	266,894	314,587	204,006	232,755
Due to the holding company	16	–	–	32,260,303	31,760,303
Interest-bearing bank and other borrowings	17	325,563,328	321,683,595	242,100,000	242,100,000
		326,999,208	323,217,699	274,564,309	274,093,058
Liabilities directly associated with the assets classified as held for sale	9	–	–	733,482	602,322
Total current liabilities		326,999,208	323,217,699	275,297,791	274,695,380

			As at 31 March		As at 30 September
		2016	2017	2018	2018
	Notes	HK$	HK$	HK$	HK$
NET CURRENT LIABILITIES		(239,140,303)	(234,839,998)	(230,548,783)	(228,667,541)
TOTAL ASSETS LESS CURRENT LIABILITIES		(15,830,033)	(17,239,907)	164,967,317	301,753,759
NON-CURRENT LIABILITIES					
Other payable	15	120,000	120,000	–	–
Deferred tax liabilities	18	1,945,519	2,215,754	5,934,017	6,299,669
		2,065,519	2,335,754	5,934,017	6,299,669
Net assets/(liabilities)		(17,895,552)	(19,575,661)	159,033,300	295,454,090
EQUITY/(DEFICIENCY IN ASSETS)					
Share capital	19	100	100	100	100
Reserves	20	(17,895,652)	(19,575,761)	159,033,200	295,453,990
Total equity/(net deficiency in assets)		(17,895,552)	(19,575,661)	159,033,300	295,454,090

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital	Accumulated losses	Total
	HK$	HK$	HK$
At 1 April 2015	100	(15,283,146)	(15,283,046)
Loss and total comprehensive loss for the year	–	(2,612,506)	(2,612,506)
At 31 March 2016	100	(17,895,652)*	(17,895,552)

For the year ended 31 March 2017

	Share capital	Accumulated losses	Total
	HK$	HK$	HK$
At 1 April 2016	100	(17,895,652)	(17,895,552)
Loss and total comprehensive loss for the year	–	(1,680,109)	(1,680,109)
At 31 March 2017	100	(19,575,761)*	(19,575,661)

For the year ended 31 March 2018

	Share capital	Leasehold land and building revaluation reserve	Accumulated losses	Total
	HK$	HK$	HK$	HK$
At 1 April 2017	100	–	(19,575,761)	(19,575,661)
Loss for the year	–	–	(1,059,867)	(1,059,867)
Other comprehensive income for the year:				
Gain on property revaluation, net of tax	–	179,668,828	–	179,668,828
Total comprehensive income/(loss) for the year	–	179,668,828	(1,059,867)	178,608,961
At 31 March 2018	100	179,668,828*	(20,635,628)*	159,033,300

For the six months ended 30 September 2017 (unaudited)

	Share capital	Accumulated losses	Total
	HK$	HK$	HK$
At 1 April 2017	100	(19,575,761)	(19,575,661)
Loss and total comprehensive loss for the period	–	(1,107,019)	(1,107,019)
At 30 September 2017	100	(20,682,780)	(20,682,680)

For the six months ended 30 September 2018

	Share capital	Leasehold land and building revaluation reserve	Retained profit/ (accumulated losses	Total
	HK$	HK$	HK$	HK$
At 1 April 2018	100	179,668,828	(20,635,628)	159,033,300
Profit and total comprehensive income for the period	–	–	136,420,790	136,420,790
At 30 September 2018	100	179,668,828*	115,785,162*	295,454,090

* These reserve accounts comprise the consolidated reserves/(consolidated debit reserves) of HK$(17,895,652), HK$(19,575,761), HK$159,033,200 and HK$295,453,990 in the consolidated statements of financial position as at 31 March 2016, 2017 and 2018 and 30 September 2018, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended 31 March			Six months ended 30 September	
		2016	2017	2018	2017	2018
	Notes	HK$	HK$	HK$	HK$	HK$
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax:						
From continuing operations		(6,112,097)	(6,042,918)	(5,439,974)	(2,956,450)	136,790,471
From a discontinued operation		3,725,048	4,719,810	5,005,731	1,995,275	(4,029)
Adjustments for:						
Finance costs	5,9	2,057,851	1,871,317	1,668,331	783,903	3,530,420
Depreciation	6,9	7,533,524	5,953,800	5,153,299	2,944,743	–
Interest income	4	(828,414)	(654,913)	(434,422)	(262,734)	–
Gain arising from changes in fair value of an investment property	6	–	–	–	–	(134,574,400)
Loss on disposal of items of property, plant and equipment		3,472	–	–	–	–
Impairment of items of property, plant and equipment		–	–	1,005,283	–	–
		6,379,384	5,847,096	6,958,248	2,504,737	5,742,462
Decrease/(increase) in accounts receivable		(143,461)	(282,447)	692,050	377,024	(6,365,000)
Decrease/(increase) in prepayments and deposits		(79,559)	86,380	(72,797)	142,142	306,357
Decrease/(increase) in inventories		1,533	14,122	47,606	(44,511)	–
Increase/(decrease) in trade payables		310,094	50,531	(1,064,686)	244,580	(154,831)
Increase/(decrease) in other payables and accruals		42,580	40,913	(195,022)	3,163	118,332
Decrease/(increase) in an amount due from a related company		3,171,586	(31,954,913)	(42,057,122)	(1,066,240)	5,486,037
Increase/(decrease) in an amount due to a related company		–	–	291,239	–	(266,189)
Cash generated from/(used in) operations		9,682,157	(26,198,318)	(35,400,484)	2,160,895	4,867,168
Interest received		828,414	654,913	434,422	262,734	–
Hong Kong profits tax refunded, net		6,083	–	35,533	234,326	–
Net cash flows from/(used in) operating activities		10,516,654	(25,543,405)	(34,930,529)	2,657,955	4,867,168

	Notes	Years ended 31 March 2016 HK$	2017 HK$	2018 HK$	Six months ended 30 September 2017 HK$ (Unaudited)	2018 HK$
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		10,454	–	–	–	–
Purchase of items of property, plant and equipment		(281,833)	(249,218)	(840,524)	(164,859)	–
Additions to an investment property		–	–	–	–	(425,600)
Net cash flows used in investing activities		(271,379)	(249,218)	(840,524)	(164,859)	(425,600)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		–	–	242,100,000	–	–
Increase in shareholders' loans		42,000,000	12,000,000	95,078,890	3,999,860	–
Repayments of bank loans		(15,939,360)	(15,939,360)	(104,627,720)	(7,969,680)	–
Decrease in an amount due to the holding company		–	–	(197,500,000)	–	(297,921)
Interest paid		(2,059,078)	(1,864,537)	(1,703,890)	(868,139)	(3,532,222)
Net cash flows from/(used in) financing activities		24,001,562	(5,803,897)	33,347,280	(4,837,959)	(3,830,143)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34,246,837	(31,596,520)	(2,423,773)	(2,344,863)	611,425
Cash and cash equivalents at beginning of year/period		3,373,456	37,620,293	6,023,773	6,023,773	3,600,000
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		37,620,293	6,023,773	3,600,000	3,678,910	4,211,425
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Bank balance		37,623,636	6,086,743	3,600,000	3,449,116	4,202,928
Bank overdrafts	17	(3,343)	(62,970)	–	–	–
Cash attributable to a discontinued operation	9	–	–	–	229,794	8,497
Cash and cash equivalents as stated in the statement of cash flows		37,620,293	6,023,773	3,600,000	3,678,910	4,211,425

STATEMENTS OF FINANCIAL POSITION OF NIGON

		As at 31 March			As at 30 September
		2016	2017	2018	2018
	Notes	HK$	HK$	HK$	HK$
NON-CURRENT ASSETS					
Investment in the subsidiary	21	10,000	10,000	10,000	10,000
Investment property	11	315,000,000	366,000,000	395,000,000	530,000,000
Utility and other deposits	13	448,536	447,000	516,100	421,300
Total non-current assets		315,458,536	366,457,000	395,526,100	530,431,300
CURRENT ASSETS					
Accounts receivables	12	–	–	60,000	6,425,000
Prepayments and deposits	13	33,770	33,016	82,500	14,629
Due from a related company	14	49,122,157	81,077,070	40,822,700	35,336,663
Bank balance		37,580,136	6,043,243	3,600,000	4,202,928
Total current assets		86,736,063	87,153,329	44,565,200	45,979,220
CURRENT LIABILITIES					
Other payables and accruals	15	87,456	94,236	204,006	232,755
Due to the subsidiary	21	4,761,871	5,739,063	7,693,278	7,693,278
Due to the holding company	16	–	–	32,260,303	31,760,303
Interest-bearing bank and other borrowings	17	325,559,985	321,620,625	242,100,000	242,100,000
Total current liabilities		330,409,312	327,453,924	282,257,587	281,786,336
NET CURRENT LIABILITIES		(243,673,249)	(240,300,595)	(237,692,387)	(235,807,116)
TOTAL ASSETS LESS CURRENT LIABILITIES		71,785,287	126,156,405	157,833,713	294,624,184
NON-CURRENT LIABILITIES					
Other payable	15	120,000	120,000	–	–
Deferred tax liabilities	18	4,916,227	5,472,461	5,934,017	6,299,669
Total non-current liabilities		5,036,227	5,592,461	5,934,017	6,299,669
Net assets		66,749,060	120,563,944	151,899,696	288,324,515
EQUITY					
Share capital	19	100	100	100	100
Retained profits	20	66,748,960	120,563,844	151,899,596	288,324,415
Total equity		66,749,060	120,563,944	151,899,696	288,324,515

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Nigon Hong Kong Limited ("Nigon") is a limited liability company incorporated in Hong Kong. The registered office of Nigon is located at Shop 13, G/F, 98A-D, Argyle Street, Kowloon, Hong Kong.

Nigon is a wholly-owned subsidiary of Jetco (H.K.) Limited, a company incorporated in Hong Kong, which is considered by the directors to be Nigon's holding company and ultimate holding company. The registered office of the holding company is also located at Shop 13, G/F, 98A-D, Argyle Street, Kowloon, Hong Kong.

Nigon is an investment and property holding company. During the Relevant Periods, Nigon's subsidiary was principally involved in hotel operation prior to 15 February 2018, after which Nigon's subsidiary became inactive.

Information about the subsidiary

As at 30 September 2018, Nigon had a direct interest in the subsidiary, which is a private limited liability company, the particulars of which are set out below:

Name	Place of incorporation	Issued ordinary share capital	Percentage of equity attributable to Nigon	Principal activity
		HK$	Direct	
Lead Creation Development Limited ("Lead Creation") #	Hong Kong	10,000	100	Inactive

The statutory financial statements of Lead Creation for the years ended 31 March 2016 and 2017 prepared under Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA were audited by Sky Base Partners CPA Limited, certified public accountants registered in Hong Kong, and the statutory financial statements for the year ended 31 March 2018 prepared under HKFRSs were audited by Sino Corp CPA Limited, certified public accountants registered in Hong Kong.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2018, together with the relevant transitional provisions, have been consistently applied by the Nigon Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information, except for HKFRS 9 *Financial Instruments* ("HKFRS 9") which is adopted by the Nigon Group from 1 April 2018 as the standard does not allow the use of hindsight if it is adopted retrospectively.

HKFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting of financial instruments. The Nigon Group has adopted the standard from 1 April 2018. The Nigon Group recognised transition adjustments against the opening balance of equity at 1 April 2018 and has not restated prior years' financial information. Therefore, the financial information from 1 April 2016 to 31 March 2018 which is reported under HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39") is not comparable to the information presented for the six months ended 30 September 2018. The adoption of HKFRS 9 has had no significant impact on the classification and measurement, and the impairment of the Nigon Group's financial instruments.

The Historical Financial Information has been prepared under the historical cost convention except for an investment property which has been measured at fair value.

The Historical Financial Information has been prepared on the going concern basis, notwithstanding the Nigon Group had net current liabilities of HK$228,667,541, at the end of the Relevant Periods, because the ultimate beneficial owner has agreed to provide continuous financial support to enable the Nigon Group to meet its liabilities and obligations as and when they fall due and to continue its operations, until the date on which he ceases to have any direct or indirect ownership interest in the Nigon Group.

CNT has undertaken, from the date that CNT becomes the controlling shareholder of the Nigon Group, to provide continuous financial support to enable the Nigon Group to meet its liabilities and obligations as and when they fall due and to continue its operations.

Basis of consolidation

The Historical Financial Information includes the financial statements of Nigon and its subsidiary now comprising the Nigon Group for the Relevant Periods and the period covered by the Interim Comparative Financial Information.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by Nigon. Control is achieved when the Nigon 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 Nigon Group the current ability to direct the relevant activities of the investee).

When Nigon has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Nigon 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 Nigon Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting period as Nigon, using consistent accounting policies. The results of the subsidiary are consolidated from the date on which the Nigon Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Nigon Group are eliminated in full on consolidation.

The Nigon 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 above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Nigon 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 Nigon Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Nigon Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Nigon Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the Historical Financial Information:

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	Leases[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Nigon Group is described below:

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17.

Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Nigon Group expects to adopt HKFRS 16 from 1 April 2019. The interpretation is not expected to have any significant impact on the Historical Financial Information.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Nigon Group expects to adopt the interpretation from 1 April 2019. The interpretation is not expected to have any significant impact on the Nigon Group's Historical Financial Information.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Nigon Group measures its investment property 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 Nigon 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 Nigon 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 Historical 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 Historical Financial Information on a recurring basis, the Nigon 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 financial assets and investment property), 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 of disposal, 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 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 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 profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Nigon 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 Nigon Group;

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

(iii) is a member of the key management personnel of Nigon or of a parent of the Nigon Group;

or

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

(i) the entity and the Nigon 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 Nigon 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 Nigon Group or an entity related to the Nigon Group;

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Nigon Group or to the parent of the Nigon Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant 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 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 Nigon 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, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel land and building	Over the shorter of 50 years and the remaining lease term
Leasehold improvements	20%
Machinery and equipment	20%
Furniture and fixtures	20%

Where parts of an item of property, plant 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 method 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 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.

Investment property

Investment property is an interest in hotel building held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the year/period in which they arise.

Any gains or losses on the retirement or disposal of the investment property are recognised in profit or loss in the year/period of the retirement or disposal.

Disposal group held for sale

A disposal group is classified as held for sale if its carrying amount will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such disposal group and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Nigon Group retains a non-controlling interest in its former subsidiary after the sale.

A disposal group (other than financial assets) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. Property, plant and equipment classified as held for sale are not depreciated or amortised.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Assets leased by the Nigon Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms.

Financial assets (policies under HKFRS 9 applicable from 1 April 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Nigon Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Nigon Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Nigon Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Nigon Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for ''Revenue recognition'' below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (''SPPI'') on the principal amount outstanding.

The Nigon Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Nigon 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 amortised cost (debt instruments)

The Nigon Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets (policies under HKAS 39 applicable before 1 April 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. 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.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Nigon 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 of 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 in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 April 2018 and policies under HKAS 39 applicable before 1 April 2018)

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 Nigon Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Nigon 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 Nigon Group has transferred substantially all the risks and rewards of the asset, or (b) the Nigon Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Nigon 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 Nigon Group continues to recognise the transferred asset to the extent of the Nigon Group's continuing involvement in the asset. In that case, the Nigon 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 Nigon 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 Nigon Group could be required to repay.

Impairment of financial assets (policies under HKFRS 9 applicable from 1 April 2018)

The Nigon Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Nigon Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Nigon Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Nigon Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Nigon Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Nigon Group may also consider a financial asset to be in default when internal or external information indicates that the Nigon Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Nigon Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For accounts receivables that do not contain a significant financing component or when the Nigon Group applies the practical expedient of not adjusting the effect of a significant financing component, the Nigon Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Nigon Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Nigon Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of financial assets (policies under HKAS 39 applicable before 1 April 2018)

The Nigon Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a 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 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 Nigon 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 Nigon 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 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 either directly or through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount 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 Nigon 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 profit or loss.

Financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

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

Subsequent measurement of 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 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 profit or loss.

Derecognition of financial liabilities (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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 profit or loss.

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 April 2018 and HKAS 39 applicable before 1 April 2018)

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 are stated at the lower of cost and net realisable value. The costs of inventories are determined on a first-in-first-out basis. Costs include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. 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 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 Nigon 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, 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 profit or loss.

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 of the interpretations and practices prevailing in the countries in which the Nigon 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:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or a 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, an associate and joint ventures, where 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 a 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, an associate and joint ventures, 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 and only if the Nigon Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Property rental income

Property rental income is recognised on a time proportion basis over the lease terms.

Hotel income (discontinued operation)

Hotel operation income is recognised upon the provision of services and the utilisation by guests of the hotel facilities.

Interest income

Interest income is recognised on an accrual basis using the effective interest rate 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical 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 liability, at the end of the reporting period. 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Useful lives of property, plant and equipment

The Nigon Group determines the estimated useful lives and related depreciation charges and amortisation charges, respectively, for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge and amortisation charge where useful lives are different to the ones previously estimated, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of accounts receivables

Before 1 April 2018

The Nigon Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Nigon Group makes its estimates based on the ageing of its accounts receivable balances, customers' creditworthiness, and historical write off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Nigon Group would be required to revise the basis of making the allowance and its future results would be affected.

From 1 April 2018

The provision rate of receivables is made based on assessment of their recoverability and ageing analysis of the receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Nigon Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Information about the ECLs on the Nigon Group's accounts receivables is disclosed in note 12 to the Historical Financial Information.

4. REVENUE, OTHER INCOME AND GAIN

Revenue from continuing operations represents gross rental income received and receivable from an investment property during the Relevant Periods.

An analysis of the Nigon Group's other income and gain is as follows:

	Years ended 31 March			Six months ended 30 September	
	2016	2017	2018	2017	2018
	HK$	HK$	HK$	HK$	HK$
				(Unaudited)	
Interest income on amount due from a related company	828,414	654,913	434,422	262,734	–
Fair value gain of an investment property	–	–	–	–	134,574,400
Others	3,000	–	2,300	140	1,100
	831,414	654,913	436,722	262,874	134,575,500

5. FINANCE COST

An analysis of finance cost is as follows:

	Years ended 31 March			Six months ended 30 September	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$	HK$	HK$	HK$	HK$
				(Unaudited)	
Interest on bank loans	1,884,838	1,709,861	1,503,935	711,636	3,530,417

6. PROFIT/(LOSS) BEFORE TAX

The Nigon Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

		Years ended 31 March			Six months ended 30 September	
		2016	**2017**	**2018**	**2017**	**2018**
	Note	HK$	HK$	HK$	HK$	HK$
					(Unaudited)	
Auditor's remuneration		10,000	10,000	35,000	17,500	17,500
Depreciation#		5,414,037	5,414,037	4,737,282	2,707,019	–
Fair value gain of an investment property	11	–	–	–	–	(134,574,400)

The hotel land and building was leased to Nigon's subsidiary to operate the hotel business for the years ended 31 March 2016, 2017 and up to 14 February 2018, and then was leased to a related company to continue the hotel operation afterwards. The related depreciation for that periods prior to 14 February 2018 was recorded under the continuing operation and no reclassification was made to the discontinued operation.

7. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Nigon Group during the Relevant Periods and the period covered by the Interim Comparative Financial Information.

8. INCOME TAX

No provision for Hong Kong profits tax has been made for Nigon as Nigon did not generate any assessable profits arising in Hong Kong during the years ended 31 March 2016, 2017 and 2018 and the six months ended 30 September 2017 and had available tax losses brought forward from prior years to offset the assessable profits arising in Hong Kong generated during the six months ended 30 September 2018.

No provision for Hong Kong profits tax has been made for Nigon's subsidiary as Nigon's subsidiary did not generate any assessable profits arising in Hong Kong during the year ended 31 March 2016 and the six months ended 30 September 2017 and 2018. Hong Kong profits tax has been provided for Nigon's subsidiary at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the years ended 31 March 2017 and 2018.

	Years ended 31 March			Six months ended 30 September	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$	HK$	HK$	HK$ (Unaudited)	HK$
Deferred tax	258,821	270,235	211,307	145,844	365,652
Total tax charge for the year/period from continuing operations	258,821	270,235	211,307	145,844	365,652
Total tax charge/(credit) for the year/period from a discontinued operation	(33,364)	86,766	414,317	–	–
	225,457	357,001	625,624	145,844	365,652

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rate for the jurisdiction in which Nigon and its subsidiary are domiciled to the tax charge/(credit) at the Nigon Group's effective tax rate is as follows:

	Years ended 31 March			Six months ended 30 September	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$	HK$	HK$	HK$	HK$
				(Unaudited)	
Profit/(loss) before tax from continuing operations	(6,112,097)	(6,042,918)	(5,439,974)	(2,956,450)	136,790,471
Profit/(loss) before tax from a discontinued operation	3,725,048	4,719,810	5,005,731	1,995,275	(4,029)
	(2,387,049)	(1,323,108)	(434,243)	(961,175)	136,786,442
Tax at the Hong Kong statutory tax rate	(393,863)	(218,313)	(71,650)	(158,594)	22,569,763
Tax effect of non-taxable income	–	–	–	–	(22,204,776)
Tax effect of non-deductible expenses	607,316	607,316	531,402	303,658	–
Tax effect of temporary difference not recognised	–	–	165,872	–	–
Tax losses not recognised	–	–	–	780	665
Others	12,004	(32,002)	–	–	–
Tax charge at Nigon's effective rate	225,457	357,001	625,624	145,844	365,652
Tax charge from continuing operations at effective rate	258,821	270,235	211,307	145,844	365,652
Tax charge/(credit) from a discontinued operation at effective rate	(33,364)	86,766	414,317	–	–

9. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS A DISCONTINUED OPERATION

Lead Creation was engaged in the business of hotel operation for the years ended 31 March 2016 and 2017 and up to 14 February 2018 after which Lead Creation ceased the hotel operation and became inactive. The disposal of Lead Creation was subsequently completed on 30 November 2018. As at 31 March 2018 and 30 September 2018, the negotiation for the sale was in progress and Lead Creation was classified as a disposal group held for sale and as a discontinued operation.

The results of Lead Creation for each of the Relevant Periods and the period covered by the Interim Comparative Financial Information are presented below:

	Years ended 31 March			Six months ended 30 September	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$	HK$	HK$	HK$	HK$
Hotel operation revenue	16,058,419	14,469,662	13,573,259	6,580,996	–
Other income	119,839	77,479	632,020	50,678	2,164
Depreciation	(2,119,487)	(539,763)	(416,017)	(237,724)	–
Impairment of items of property, plant and equipment	–	–	(1,005,283)	–	–
Other expenses	(10,160,710)	(9,126,112)	(7,613,852)	(4,326,408)	(6,190)
Finance costs	(173,013)	(161,456)	(164,396)	(72,267)	(3)
Profit/(loss) before tax from the discontinued operation	3,725,048	4,719,810	5,005,731	1,995,275	(4,029)
Income tax	33,364	(86,766)	(414,317)	–	–
Profit/(loss) for the year/period from the discontinued operation	3,758,412	4,633,044	4,591,414	1,995,275	(4,029)

The major classes of assets and liabilities of Lead Creation classified as held for sale as at 31 March 2018 and 30 September 2018 are as follows:

	31 March 2018	30 September 2018
	HK$	HK$
Assets		
Prepayments and deposits	183,808	40,122
Cash and cash equivalents	–	8,497
Assets classified as held for sale	183,808	48,619
Liabilities		
Trade payables	(154,831)	–
Other payables and accruals	–	(87,781)
Due to the ultimate holding company	–	(202,079)
Due to related company	(291,239)	(25,050)
Tax payable	(251,808)	(251,808)
Deferred tax liabilities	(35,604)	(35,604)
Liabilities directly associated with the assets classified as held for sale	(733,482)	(602,322)
Net liabilities directly associated with the disposal group	(549,674)	(553,703)

The net cash flows incurred by Lead Creation are as follows:

	Years ended 31 March			Six months ended 30 September	
	2016	2017	2018	2017	2018
	HK$	HK$	HK$	HK$	HK$
Operating activities	256,627	351,047	1,024,390	486,390	(193,579)
Investing activities	(267,907)	(249,218)	(840,524)	(164,859)	–
Financing activities	(173,013)	(161,456)	(164,396)	(72,267)	202,076
Net cash inflow/(outflow)	(184,293)	(59,627)	19,470	249,264	8,497

10. PROPERTY, PLANT AND EQUIPMENT

	Hotel land and building HK$	Leasehold improvements HK$	Machinery and equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2016					
At 1 April 2015:					
Cost	270,701,868	11,542,804	2,163,400	1,118,225	285,526,297
Accumulated depreciation	(43,312,296)	(9,430,221)	(1,806,261)	(865,046)	(55,413,824)
Net carrying amount	227,389,572	2,112,583	357,139	253,179	230,112,473
At 1 April 2015, net of accumulated depreciation	227,389,572	2,112,583	357,139	253,179	230,112,473
Additions	–	185,300	36,438	60,095	281,833
Depreciation provided during the year	(5,414,037)	(1,791,860)	(232,649)	(94,978)	(7,533,524)
Disposal	–	–	(7,696)	(6,230)	(13,926)
At 31 March 2016, net of accumulated depreciation	221,975,535	506,023	153,232	212,066	222,846,856
At 31 March 2016:					
Cost	270,701,868	11,728,104	2,190,218	1,169,651	285,789,841
Accumulated depreciation	(48,726,333)	(11,222,081)	(2,036,986)	(957,585)	(62,942,985)
Net carrying amount	221,975,535	506,023	153,232	212,066	222,846,856
31 March 2017					
At 1 April 2016:					
Cost	270,701,868	11,728,104	2,190,218	1,169,651	285,789,841
Accumulated depreciation	(48,726,333)	(11,222,081)	(2,036,986)	(957,585)	(62,942,985)
Net carrying amount	221,975,535	506,023	153,232	212,066	222,846,856
At 1 April 2016, net of accumulated depreciation	221,975,535	506,023	153,232	212,066	222,846,856
Additions	–	12,000	235,150	2,068	249,218
Depreciation provided during the year	(5,414,037)	(349,783)	(105,376)	(84,604)	(5,953,800)
At 31 March 2017, net of accumulated depreciation	216,561,498	168,240	283,006	129,530	217,142,274
At 31 March 2017:					
Cost	270,701,868	11,740,104	2,425,368	1,171,719	286,039,059
Accumulated depreciation	(54,140,370)	(11,571,864)	(2,142,362)	(1,042,189)	(68,896,785)
Net carrying amount	216,561,498	168,240	283,006	129,530	217,142,274

	Note	Hotel land and building HK$	Leasehold improvements HK$	Machinery and equipment HK$	Furniture and fixtures HK$	Total HK$
31 March 2018 and 30 September 2018						
At 1 April 2017:						
Cost		270,701,868	11,740,104	2,425,368	1,171,719	286,039,059
Accumulated depreciation		(54,140,370)	(11,571,864)	(2,142,362)	(1,042,189)	(68,896,785)
Net carrying amount		216,561,498	168,240	283,006	129,530	217,142,274
At 1 April 2017, net of accumulated depreciation		216,561,498	168,240	283,006	129,530	217,142,274
Additions		–	19,800	785,964	34,760	840,524
Depreciation provided during the year		(4,737,282)	(85,480)	(256,072)	(74,465)	(5,153,299)
Surplus on revaluation		183,175,784	–	–	–	183,175,784
Reclassified to disposal group held for sale		–	(102,560)	(812,898)	(89,825)	(1,005,283)
Transfer to investment property	11	(395,000,000)	–	–	–	(395,000,000)
At 31 March 2018, 1 April 2018, and 30 September 2018, net of accumulated depreciation		–	–	–	–	–
At 31 March 2018, 1 April 2018, and 30 September 2018:						
Cost		–	–	–	–	–
Accumulated depreciation		–	–	–	–	–
Net carrying amount		–	–	–	–	–

At 31 March 2016 and 2017, the hotel land and building with a net carrying amount of HK$221,975,535 and HK$216,561,498, respectively, was pledged to secure general banking facilities granted to the Nigon Group and Nigon (note 17).

11. INVESTMENT PROPERTY

Nigon Group

			As at 31 March		As at 30 September
		2016	**2017**	**2018**	**2018**
	Notes	HK$	HK$	HK$	HK$
Carrying amount at beginning of year/period		–	–	–	395,000,000
Additions		–	–	–	425,600
Fair value gain	6	–	–	–	134,574,400
Transfer from owner-occupied property	10	–	–	395,000,000	–
Carrying amount at the end of year/period		–	–	395,000,000	530,000,000

Nigon

		As at 31 March		As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Carrying amount at beginning of year/period	323,000,000	315,000,000	366,000,000	395,000,000
Additions	–	–	–	425,600
Fair value gain/(loss)	(8,000,000)	51,000,000	29,000,000	134,574,400
Carrying amount at the end of year/period	315,000,000	366,000,000	395,000,000	530,000,000

The Nigon Group's investment property was revalued as at 30 September 2018 at HK$530,000,000 whereas Nigon's investment property was revalued as at 31 March 2016 and 2017 and 30 September 2018 at HK$315,000,000, HK$366,000,000 and HK$530,000,000, respectively, based on valuations performed by an independent professionally qualified valuer, Centaline Surveyors Limited. The criteria for the selection of the valuer were based on market knowledge, reputation, independence and maintenance of professional standards. Nigon's management also has discussions with the valuer to understand the assumptions and methodology adopted for the valuations.

The Nigon Group's and Nigon's investment property was revalued as at 31 March 2018 at HK395,000,000 based on a recent arm's length transaction's market value.

The investment property was leased by the Nigon Group to a third party and a related company under operating leases during the year ended 31 March 2018 and the six months ended 30 September 2018, further summary details of which are included in note 23 to the Historical Financial Information.

The investment property was leased by Nigon to its subsidiary and a third party under operating leases during the years ended 31 March 2016 and 2017, and a third party and a related company under operating leases during the year ended 31 March 2018 and the six months ended 30 September 2018.

Details of the investment property as at 31 March 2016, 2017 and 2018 and 30 September 2018 are as follows:

Location	Group's interest	Tenure	Gross floor area	Existing use
No.11 Morrison Hill Road, Hong Kong	100%	Long term lease	24,283 square feet	Hotel operation

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Nigon Group's and Nigon's investment property:

Nigon

	Fair value measurement as at 31 March 2016 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$	HK$	HK$	HK$
Recurring fair value measurement for:				
Investment property	–	–	315,000,000	315,000,000

	Fair value measurement as at 31 March 2017 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$	HK$	HK$	HK$
Recurring fair value measurement for:				
Investment property	–	–	366,000,000	366,000,000

Nigon Group and Nigon

	Fair value measurement as at 31 March 2018 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$	HK$	HK$	HK$
Recurring fair value measurement for:				
Investment property	–	–	395,000,000	395,000,000

	Fair value measurement as at 30 September 2018 using			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$	HK$	HK$	HK$
Recurring fair value measurement for:				
Investment property	–	–	530,000,000	530,000,000

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Nigon Group Commercial property HK$	Nigon Commercial property HK$
Carrying amount at 1 April 2015	–	323,000,000
Fair value loss	–	(8,000,000)
Carrying amount at 31 March 2016 and 1 April 2016	–	315,000,000
Fair value gain	–	51,000,000
Carrying amount at 31 March 2017 and 1 April 2017	–	366,000,000
Fair value gain	–	29,000,000
Transfer from owner-occupied property	395,000,000	–
Carrying amount at 31 March 2018 and 1 April 2018	395,000,000	395,000,000
Additions	425,600	425,600
Fair value gain	134,574,400	134,574,400
Carrying amount at 30 September 2018	530,000,000	530,000,000

Fair value measurements and valuation processes

In estimating the fair value of the Nigon Group's/Nigon's investment property, the Nigon Group/ Nigon's uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Nigon Group/Nigon engages a third party qualified valuer to perform valuation of the Nigon Group's/Nigon investment property. At the end of each reporting period, the management of the Nigon Group/Nigon works closely with the qualified external valuer to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Nigon Group/Nigon will first consider and adopt Level 2 inputs where inputs cannot be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Nigon Group/Nigon will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the asset, the causes of the fluctuations will be reported to the board of directors of Nigon.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

			Range for			
			31 March			30 September
	Valuation technique	**Significant unobservable inputs**	**2016**	**2017**	**2018**	**2018**
Commercial property	Direct comparison approach	Market value	N/A	N/A	HK$395,000,000	N/A
Commercial property (hotel portion)	Direct capitalisation method	Estimated rental (per month)	N/A	N/A	N/A	HK$1,285,000
		Capitalisation rate	N/A	N/A	N/A	2.4%
	Discounted cash flow method	Average daily rate (per occupied room)	HK$700	HK$766	N/A	HK$1,050
		Occupancy rate	87%	91%	N/A	91%
		Growth rate (per annum)	5.0%	5.0%	N/A	5.5%
		Discount rate	3.0%	3.0%	N/A	3.0%
		Gross operating profit (as a % of revenue) (approximately)	60%	60%	N/A	60%
Commercial property (retail portion)	Direct capitalisation method	Estimated rental (per month)	HK$97,500	HK$118,950	N/A	HK$40,000 - HK$131,625
		Capitalisation rate	2.6%	2.5%	N/A	2.4%

Under the direct capitalisation method, a significant increase (decrease) in the estimated rental in isolation would result in a significant increase (decrease) in the fair value of the investment property. A significant increase (decrease) in the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment property.

Under the discounted cash flow method, a significant increase (decrease) in the average daily rate per occupied room, the occupancy rate, the growth rate per annum and the gross operating profit as a percentage of revenue in isolation would result in a significant increase (decrease) in the fair value of the investment property. A significant increase (decrease) in the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment property.

As at 31 March 2016, 2017, 2018 and 30 September 2018, Nigon's investment property was pledged to secure general banking facilities granted to Nigon and a related company.

As at 31 March 2018 and 30 September 2018, the Nigon Group's investment property was pledged to secure general banking facilities granted to the Nigon Group and a related company (notes 17 and 25).

12. ACCOUNTS RECEIVABLE

Nigon Group

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Accounts receivable	469,603	752,050	60,000	6,425,000

Nigon

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Accounts receivable	–	–	60,000	6,425,000

The Nigon Group's trading terms with its customers are mainly on credit, except for tenants of the Nigon Group's investment property, where payment in advance is normally required. The Nigon Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 March 2016 and 2017, in view of the aforementioned and the fact that the Nigon Group's accounts receivables related to a number of customers, there is no significant concentration of credit risk. As at 31 March 2018 and 30 September 2018, the outstanding balance represented a rental receivable from a tenant. The Nigon Group does not hold any collateral or other credit enhancements over its accounts receivable balances, except for an amount of HK$60,000 as at 31 March 2018 where the Nigon Group held a rental deposit as collateral. Accounts receivables are non-interest-bearing and repayable on demand.

As at 31 March 2016, 2017 and 2018, the ageing of accounts receivable based on the invoice date, and the ageing of accounts receivable that were not individually or collectively considered to be impaired under HKAS 39 were within one year, respectively. As at 30 September 2018, the ageing of accounts receivable based on the invoice date was within six months.

No impairment for accounts receivable is provided during the Relevant Periods. Receivables that were past due but not impaired relate to an independent customer that has a good track record with the Nigon Group, and a related company. Based on past experience, the directors of Nigon are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 30 September 2018, included in the accounts receivable is an amount due from a related company of HK$6,425,000 which is non-interest-bearing and repayable on demand. A director of Nigon is the beneficiary owner of the related company. The maximum amount outstanding during the six months ended 30 September 2018 amounted to HK$6,425,000.

13. PREPAYMENTS AND DEPOSITS

Nigon Group

	As at 31 March			As a 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Prepayments	33,770	33,016	–	14,629
Utility and other deposits	762,221	676,595	598,600	421,300
	795,991	709,611	598,600	435,929
Portion classified as current assets	(347,455)	(262,611)	(82,500)	(14,629)
Portion classified as non-current assets	448,536	447,000	516,100	421,300

Nigon

	As at 31 March			As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Prepayments	33,770	33,016	–	14,629
Utility and other deposits	448,536	447,000	598,600	421,300
	482,306	480,016	598,600	435,929
Portion classified as current assets	(33,770)	(33,016)	(82,500)	(14,629)
Portion classified as non-current assets	448,536	447,000	516,100	421,300

14. AMOUNT DUE FROM A RELATED COMPANY

Nigon Group and Nigon

Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	Huge Wisdom Limited	Full Profit Trading Limited
	HK$	HK$
1 April 2015	52,293,743	–
Maximum amount outstanding during the year	53,590,169	–
31 March 2016	49,122,157	–
Maximum amount outstanding during the year	83,313,442	–
31 March 2017	81,077,070	–
Maximum amount outstanding during the year	82,311,492	40,822,700
31 March 2018	–	40,822,700
Maximum amount outstanding during the period	–	40,822,700
30 September 2018	–	35,336,663

The then directors of Nigon prior to 15 February 2018 were the shareholders of Huge Wisdom Limited. The balance with the above related company was unsecured, repayable on demand and interest-free, except for an amount of HK$32,143,080 and HK$23,571,720 as at 31 March 2016 and 2017, respectively, that bore interest at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.0%. During the year ended 31 March 2018, the entire balance was re-arranged such that the outstanding balance was offset against the shareholders' loans.

A director of Nigon on and subsequent to 15 February 2018 is the beneficiary owner of Full Profit Trading Limited. The balance with the above related company is unsecured, interest-free and repayable on demand.

15. OTHER PAYABLES AND ACCRUALS

Nigon Group

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Other payables and accruals	266,894	314,587	84,006	112,755
Deposits received	120,000	120,000	120,000	120,000
	386,894	434,587	204,006	232,755
Portion classified as current liabilities	(266,894)	(314,587)	(204,006)	(232,755)
Portion classified as non-current liabilities	120,000	120,000	–	–

Nigon

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Other payables and accruals	87,456	94,236	84,006	112,755
Deposits received	120,000	120,000	120,000	120,000
	207,456	214,236	204,006	232,755
Portion classified as current liabilities	(87,456)	(94,236)	(204,006)	(232,755)
Portion classified as non-current liabilities	120,000	120,000	–	–

16. AMOUNT DUE TO THE HOLDING COMPANY

Nigon Group and Nigon

The amount due to the holding company is unsecured, interest-free and repayable on demand.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

Nigon Group

	As at 31 March 2016			As at 31 March 2017		
	Effective interest rate per annum (%)	Maturity	HK$	Effective interest rate per annum (%)	Maturity	HK$
Bank overdrafts – unsecured	24.0%	On demand	3,343	24.0%	On demand	62,970
Bank loans – secured	HIBOR + 0.9% and HIBOR + 2.0%	2016-2028	120,567,080	HIBOR + 0.9% and HIBOR + 2.0%	2017-2028	104,627,720
Shareholders' loans – unsecured	–	On demand	204,992,905	–	On demand	216,992,905
			325,563,328			321,683,595

	As at 31 March 2018			As at 30 September 2018		
	Effective interest rate per annum (%)	Maturity	HK$	Effective interest rate per annum (%)	Maturity	HK$
Bank loans – secured	HIBOR + 1.25%	2019-2023	242,100,000	HIBOR + 1.25%	2019-2023	242,100,000

	As at 31 March			As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Analysed into:				
Bank overdrafts repayable on demand	3,343	62,970	–	–
Bank loans repayable on demand	120,567,080	104,627,720	242,100,000	242,100,000
Shareholders' loans repayable on demand	204,992,905	216,992,905	–	–
	325,563,328	321,683,595	242,100,000	242,100,000

Nigon

	As at 31 March 2016			As at 31 March 2017		
	Effective interest rate per annum (%)	Maturity	HK$	Effective interest rate per annum (%)	Maturity	HK$
Bank loans – secured	HIBOR + 0.9% and HIBOR + 2.0%	2016-2028	120,567,080	HIBOR + 0.9% and HIBOR + 2.0%	2017-2028	104,627,720
Shareholders' loans – unsecured	–	On demand	204,992,905	–	On demand	216,992,905
			325,559,985			321,620,625

	As at 31 March 2018			As at 30 September 2018		
	Effective interest rate per annum (%)	Maturity	HK$	Effective interest rate per annum (%)	Maturity	HK$
Bank loans – secured	HIBOR + 1.25%	2019-2023	242,100,000	HIBOR + 1.25%	2019-2023	242,100,000

	As at 31 March			As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Analysed into:				
Bank loans repayable on demand	120,567,080	104,627,720	242,100,000	242,100,000
Shareholders' loans repayable on demand	204,992,905	216,992,905	–	–
	325,559,985	321,620,625	242,100,000	242,100,000

Note:
As at 31 March 2016, 2017, 2018 and 30 September 2018, the above bank loans of the Nigon Group and Nigon containing a repayment on-demand clause were classified in total as current liabilities. Accordingly, for the purpose of the above analysis, the bank loans due for repayment after one year is analysed into bank loans repayable on demand as at the end of each of the Relevant Periods.

Ignoring the effect of any repayment on-demand clause and based on the maturity terms of the bank borrowings, the bank borrowings are repayable:

Nigon Group

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Analysed into:				
Bank overdrafts repayable on demand	3,343	62,970	–	–
Bank loans repayable:				
Within one year	15,939,360	15,939,360	–	1,210,500
In the second year	15,939,360	15,939,360	2,421,000	2,421,000
In the third to fifth years, inclusive	37,104,360	28,533,000	239,679,000	238,468,500
Beyond five years	51,584,000	44,216,000	–	–
	120,567,080	104,627,720	242,100,000	242,100,000
Shareholders' loans repayable on demand	204,992,905	216,992,905	–	–
	325,563,328	321,683,595	242,100,000	242,100,000

Nigon

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Analysed into:				
Bank loans repayable:				
Within one year	15,939,360	15,939,360	–	1,210,500
In the second year	15,939,360	15,939,360	2,421,000	2,421,000
In the third to fifth years, inclusive	37,104,360	28,533,000	239,679,000	238,468,500
Beyond five years	51,584,000	44,216,000	–	–
	120,567,080	104,627,720	242,100,000	242,100,000
Shareholders' loans repayable on demand	204,992,905	216,992,905	–	–
	325,559,985	321,620,625	242,100,000	242,100,000

Nigon Group and Nigon

Notes:

(a) As at 31 March 2016 and 2017, all the bank loans were secured by:

  (i) an all monies legal charge over Nigon's investment property situated in Hong Kong, which had a carrying amount of HK$315,000,000 and HK$366,000,000 as at 31 March 2016 and 2017, respectively (note 11);

  (ii) a share mortgage over the entire issued share capital of Nigon;

  (iii) a subordinated agreement under which the amount owed by Nigon to the then shareholders of Nigon prior to 15 February 2018 was subordinated to the bank loans;

  (iv) an assignment of receivables of Nigon; and

  (v) personal guarantees of HK$200,000,000 provided by the then shareholders of Nigon prior to 15 February 2018.

(b) As at 31 March 2018, all the bank loans were secured by:

  (i) an all monies first legal charge over Nigon's investment property situated in Hong Kong, which had a carrying amount of HK$395,000,000 as at 31 March 2018 (note 11);

  (ii) an all monies charge over two properties held by a related company of Nigon, where a director of Nigon is the beneficiary owner of the related company, and a trustee of a director of Nigon, respectively;

  (iii) a first floating charge over all the assets and business undertakings of Nigon;

  (iv) a first floating charge over all the assets and business undertakings of the subsidiary of Nigon;

  (v) an assignment of receivables of Nigon;

  (vi) a charge over account provided by a related company of Nigon, where a director of Nigon is the beneficiary owner of the related company;

  (vii) an assignment of rental proceeds from the properties in note 17(b)(ii) above; and

  (viii) a joint and several personal guarantee of HK$242,100,000 plus interests and charges provided by the directors of Nigon.

(c) As at 30 September 2018, all the bank loans were secured by:

  (i) an all monies first legal charge over Nigon's investment property situated in Hong Kong, which had a carrying amount of HK$530,000,000 as at 30 September 2018 (note 11);

  (ii) securities listed in note 17(b)(ii) – (viii) above;

  (iii) an unlimited corporate guarantee provided by a related company of Nigon, where a director of Nigon is the beneficiary owner of the related company; and

  (iv) an all monies first legal charge over a property held by the related company of Nigon in note 17(c)(iii) above.

(d) All borrowings are in Hong Kong dollars.

18. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Nigon Group

	Depreciation allowance in excess of related depreciation	Losses available for offsetting against future taxable profits	Others	Total
	HK$	HK$	HK$	HK$
At 1 April 2015	2,002,371	(315,673)	18,486	1,705,184
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	301,868	(43,047)	(33,364)	225,457
At 31 March 2016 and 1 April 2016	2,304,239	(358,720)	(14,878)	1,930,641
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	301,869	(31,634)	4,061	274,296
At 31 March 2017 and 1 April 2017	2,606,108	(390,354)	(10,817)	2,204,937
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	337,619	(126,312)	46,421	257,728
Deferred tax charged to the consolidated statement of comprehensive income during the year	3,506,956	–	–	3,506,956
Reclassified to the disposal group held for sale	–	–	(35,604)	(35,604)
At 31 March 2018 and 1 April 2018	6,450,683	(516,666)	–	5,934,017
Deferred tax charged to the consolidated statement of profit or loss during the period	338,878	26,774	–	365,652
At 30 September 2018	6,789,561	(489,892)	–	6,299,669

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Nigon Group for financial reporting purposes:

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Gross deferred tax assets recognised in the consolidated statements of financial position	(14,878)	(10,817)	–	–
Net deferred tax liabilities recognised in the consolidated statements of financial position	1,945,519	2,215,754	5,934,017	6,299,669

Nigon

	Depreciation allowance in excess of related depreciation	**Losses available for offsetting against future taxable profits**	**Total**
	HK$	HK$	HK$
At 1 April 2015	4,687,079	(315,673)	4,371,406
Deferred tax charged/(credited) to the statement of profit or loss during the year	587,868	(43,047)	544,821
At 31 March 2016 and 1 April 2016	5,274,947	(358,720)	4,916,227
Deferred tax charged/(credited) to the statement of profit or loss during the year	587,868	(31,634)	556,234
At 31 March 2017 and 1 April 2017	5,862,815	(390,354)	5,472,461
Deferred tax charged/(credited) to the statement of profit or loss during the year	587,868	(126,312)	461,556
At 31 March 2018 and 1 April 2018	6,450,683	(516,666)	5,934,017
Deferred tax charged to the statement of profit or loss during the period	338,878	26,774	365,652
At 30 September 2018	6,789,561	(489,892)	6,299,669

Nigon Group and Nigon

The Nigon Group/Nigon had tax losses arising in Hong Kong of HK$2,174,061, HK$2,365,780, HK$3,131,310 and HK$2,969,042 as at the end of each of the Relevant Periods, subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits, and have been fully recognised as deferred tax assets as at the end of each of the Relevant Periods.

19. SHARE CAPITAL

Shares

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$	HK$	HK$	HK$
Amount of issued and fully paid shares	100	100	100	100

A summary of movements in Nigon's share capital as follows:

	Number of shares in issue	Share capital
		HK$
At 1 April 2015, 31 March 2016, 1 April 2016, 31 March 2017, 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018	100	100

20. RESERVES

(a) The amounts of the Nigon Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity on pages Appendix II(B)-8 to Appendix II(B)-9 of the Historical Financial Information.

(b) A summary of Nigon's retained profits is as follows:

	HK$
At 1 April 2015	71,991,840
Loss and total comprehensive loss for the year	(5,242,880)
At 31 March 2016 and 1 April 2016	66,748,960
Profit and total comprehensive income for the year	53,814,884
At 31 March 2017 and 1 April 2017	120,563,844
Profit and total comprehensive income for the year	31,335,752
At 31 March 2018 and 1 April 2018	151,899,596
Profit and total comprehensive income for the period	136,424,819
At 30 September 2018	288,324,415

21. INVESTMENT IN THE SUBSIDIARY/AMOUNT DUE TO THE SUBSIDIARY

	As at 31 March			As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Unlisted investment, at cost	10,000	10,000	10,000	10,000

Particulars of the subsidiary as at 30 September 2018 are set out in note 1 to the Historical Financial Information.

As at the end of each of the Relevant Periods, the amount due to the subsidiary is unsecured, interest-free and repayable on demand.

22. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Other non-cash transactions

(i) On 5 February 2018, the entire amount due from a related company was re-arranged such that the outstanding balance of HK$82,311,492 was offset against the shareholders' loans.

(ii) On 15 February 2018, the entire shareholders' loans amounting to HK$229,760,303 were re-assigned to the holding company of Nigon under several deeds of assignment of loans.

(b) Change in liabilities arising from financing activities

	Interest-bearing bank and other borrowings HK$	Due to the holding company HK$
At 1 April 2015	299,499,345	–
Changes from financing cash flows	26,060,640	–
At 31 March 2016 and 1 April 2016	325,559,985	–
Changes from financing cash flows	(3,939,360)	–
At 31 March 2017 and 1 April 2017	321,620,625	–
Changes from financing cash flows	232,551,170	(197,500,000)
Offset against an amount due from a related company	(82,311,492)	–
Offset between shareholders' loans and an amount due to the holding company	(229,760,303)	229,760,303
At 31 March 2018 and 1 April 2018	242,100,000	32,260,303
Changes from financing cash flows	–	(297,921)
Changes from financing cash flows attributable to a discontinued operation	–	(202,079)
At 30 September 2018	242,100,000	31,760,303

23. OPERATING LEASE ARRANGEMENTS

As lessor

During the years ended 31 March 2016, 2017 and period up to 14 February 2018, the Nigon Group leases an insignificant portion of its hotel property (note 10) under an operating lease arrangement, with a lease negotiated for a term of three years. The term of the lease also required the tenant to pay a security deposit and provided for periodic rental adjustments according to the then prevailing market conditions.

During the year ended 31 March 2018 (commenced after 14 February 2018) and six months ended 30 September 2018, the Nigon Group leases its investment property (note 11) under operating lease arrangements, with one of the leases negotiated for a term of three years whereas no formal agreement is entered into for another lease. The term of the former lease also requires the tenant to pay a security deposit and provides for periodic rental adjustments according to the then prevailing market conditions.

The Nigon Group had total future minimum lease receivables under a non-cancellable operating lease with a third party falling due as follows:

	As at 31 March			As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Within one year	480,000	480,000	89,333	89,333
In the second to fifth years, inclusive	569,333	89,333	–	–
	1,049,333	569,333	89,333	89,333

24. CONTINGENT LIABILITY

As at 30 September 2018, a contingent liability not provided for in the financial statements included an unlimited guarantee given to a bank in connection with a facility granted to a related company where a director of Nigon is the beneficiary owner of the related company. The banking facility guaranteed by the Nigon Group to the related company was utilised to the extent of HK$75,000,000.

As at 31 March 2016, 2017 and 2018, neither the Nigon Group nor Nigon had any significant contingent liabilities.

25. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions, balances and arrangements detailed elsewhere in the Historical Financial Information, the Nigon Group had the following material transactions with related parties during the Relevant Periods and the period covered by the Interim Comparative Financial Information:

		Years ended 31 March			Six months ended 30 September	
		2016	2017	2018	2017	2018
	Notes	HK$	HK$	HK$	HK$	HK$
					(Unaudited)	
Related companies						
Rental income	(i)	–	–	–	–	6,425,000
Interest income	(ii)	828,414	654,913	434,422	262,734	–

(i) During the six months ended 30 September 2018, rental income was earned from a related company under mutually agreed terms. A director of Nigon is the beneficiary owner of the related company. During the year ended 31 March 2018 and six months ended 30 September 2018, no rental income was received from the related company with respect to the leased investment property for a period of 1.5 months and 1 month, respectively.

(ii) During the years ended 31 March 2016, 2017 and 2018 and the six months ended 30 September 2017, interest income were earned from a related company at an interest rate of HIBOR plus 2.0%. The then directors of Nigon prior to 15 February 2018, were the shareholders of the related company.

(b) No compensation was paid to the key management personnel of Nigon in respect of their services rendered to Nigon during the Relevant Periods and the period covered by the Interim Comparative Financial Information.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Nigon Group

	Loan and receivables/ Financial assets at amortised cost			
				As at
		As at 31 March		30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Accounts receivable	469,603	752,050	60,000	6,425,000
Financial assets included in prepayments and deposits	720,685	636,595	421,300	421,300
Due from a related company	49,122,157	81,077,070	40,822,700	35,336,663
Bank balance	37,623,636	6,086,743	3,600,000	4,202,928
	87,936,081	88,552,458	44,904,000	46,385,891

	Financial liabilities at amortised cost			
				As at
		As at 31 March		30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Trade payables	1,168,986	1,219,517	–	–
Other payables and accruals	386,894	434,587	204,006	232,755
Due to the holding company	–	–	32,260,303	31,760,303
Interest-bearing bank and other borrowings	325,563,328	321,683,595	242,100,000	242,100,000
	327,119,208	323,337,699	274,564,309	274,093,058

Nigon

	Loan and receivables/ Financial assets at amortised cost			
		As at 31 March		As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Accounts receivable	–	–	60,000	6,425,000
Financial assets included in prepayments and deposits	407,000	407,000	421,300	421,300
Due from a related company	49,122,157	81,077,070	40,822,700	35,336,663
Bank balance	37,580,136	6,043,243	3,600,000	4,202,928
	87,109,293	87,527,313	44,904,000	46,385,891

	Financial liabilities at amortised cost			
		As at 31 March		As at 30 September
	2016	2017	2018	2018
	HK$	HK$	HK$	HK$
Other payables and accruals	207,456	214,236	204,006	232,755
Due to the subsidiary	4,761,871	5,739,063	7,693,278	7,693,278
Due to the holding company	–	–	32,260,303	31,760,303
Interest-bearing bank and other borrowings	325,559,985	321,620,625	242,100,000	242,100,000
	330,529,312	327,573,924	282,257,587	281,786,336

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of accounts receivable, financial assets included in prepayments and deposits, bank balance, trade payables, other payables and accruals, balances with the holding company, subsidiary and related companies and interest-bearing bank and other borrowings reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments or because the effect of discounting is not material.

The fair value of the non-current portion of other payables has been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Nigon Group's and Nigon's own non-performance risk for interest-bearing bank and other borrowings was assessed to be insignificant.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Nigon Group's and Nigon's principal financial instruments, comprise accounts receivable, interest-bearing bank and other borrowings and bank balance. The main purpose of these financial instruments is to provide finance for the Nigon Group's and Nigon's operations. The Nigon Group and Nigon have various other financial assets and liabilities including balances with the holding company, subsidiary and related companies, financial assets included in prepayments and deposits, trade payables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Nigon Group's and Nigon's financial instruments are 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.

Interest rate risk

The Nigon Group and Nigon are exposed to the risk of changes in market interest rates. Interest rate risk originates from changes in the floating rates with respect to the Nigon Group's and Nigon's interest-bearing bank and other borrowings. The Nigon Group and Nigon manage and reduce the Nigon Group's and Nigon's exposure to interest rate changes and the overall interest cost.

The following table summarises the sensitivity to changes in interest rates for interest-bearing bank and other borrowings with significant balances at the end of each of the Relevant Periods, with all other variables held constant, of the Nigon Group's and Nigon's profit/(loss) before tax.

Nigon Group

	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax**
		HK$
2016		
HK$	50	602,835
HK$	(50)	(602,835)
2017		
HK$	50	523,139
HK$	(50)	(523,139)

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
		HK$
2018		
HK$	50	1,210,500
HK$	(50)	(1,210,500)

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
		HK$
Six months ended 30 September 2018		
HK$	50	(605,250)
HK$	(50)	605,250

Nigon

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax
		HK$
2016		
HK$	50	602,835
HK$	(50)	(602,835)

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax HK$
2017		
HK$	50	(523,139)
HK$	(50)	523,139
2018		
HK$	50	(1,210,500)
HK$	(50)	1,210,500
Six months ended 30 September 2018		
HK$	50	(605,250)
HK$	(50)	605,250

Credit risk

Credit risk is the risk of an economic loss resulting from the failure of one of the Nigon Group's and Nigon's customers to make payment when due. The Nigon Group and Nigon mitigate credit risk by formulating detailed credit policies, performing credit analysis on potential customers and where applicable, establishing risk sharing arrangements with other partners.

Maximum exposure as at 31 March 2016, 2017 and 2018

The credit risk of the Nigon Group's and Nigon's financial assets, which comprise bank balance, accounts receivable, financial assets included in prepayments and deposits and amount due from a related company, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure as at 30 September 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Nigon Group's and Nigon's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 September 2018. The amounts presented are gross carrying amounts for financial assets.

	ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$	HK$	HK$	HK$	HK$
Accounts receivable*	–	–	–	6,425,000	6,425,000
Financial assets included in prepayments and deposits					
– Normal**	421,300	–	–	–	421,300
Amount due from a related company					
– Normal**	35,336,663	–	–	–	35,336,663
Bank balance					
– Not yet past due	4,202,928	–	–	–	4,202,928
	39,960,891	–	–	6,425,000	46,385,891

* For accounts receivable to which the Nigon Group applies the simplified approach for impairment, information is disclosed in note 12 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments and deposits and amount due from a related company is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

At the end of each of the Relevant Periods, the Nigon Group and Nigon had concentration of credit risk as 100% and 100% of the Nigon Group's and Nigon's accounts receivables as at 31 March 2018 and 30 September 2018, respectively, were due from the Nigon Group's and Nigon's third party tenant and related company.

Liquidity risk

Liquidity risk is the risk of not having access to sufficient funds to meet the Nigon Group's and Nigon's obligations as they become due. The Nigon Group's and Nigon's management monitors and maintains a level of bank balance deemed adequate by management to finance the Nigon Group's and Nigon's operations and mitigates the effects of fluctuations in cash flows. Its objective is to maintain a balance between the continuity of funding and the flexibility through the use of bank and other borrowings. Banking facilities have therefore been put in place for contingency purposes.

The maturity profile of the Nigon Group's and Nigon's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted amounts, is as follows:

Nigon Group

	As at 31 March 2016		
Financial liabilities	**Within one year or on demand**	**In the second to fifth years**	**Total**
	HK$	HK$	HK$
Trade payables	1,168,986	–	1,168,986
Other payables and accruals	266,894	120,000	386,894
Interest-bearing bank and other borrowings (note)	325,563,328	–	325,563,328
	326,999,208	120,000	327,119,208

	As at 31 March 2017		
Financial liabilities	**Within one year or on demand**	**In the second to fifth years**	**Total**
	HK$	HK$	HK$
Trade payables	1,219,517	–	1,219,517
Other payables and accruals	314,587	120,000	434,587
Interest-bearing bank and other borrowings (note)	321,683,595	–	321,683,595
	323,217,699	120,000	323,337,699

	As at 31 March 2018
Financial liabilities	**Within one year or on demand**
	HK$
Other payables and accruals	204,006
Amount due to the holding company	32,260,303
Interest-bearing bank borrowings (note)	242,100,000
	274,564,309

Financial liabilities	As at 30 September 2018 Within one year or on demand
	HK$
Other payables and accruals	232,755
Amount due to the holding company	31,760,303
Interest-bearing bank borrowings (note)	242,100,000
Guarantee given to bank in connection with a facility granted to a related company	75,000,000
	349,093,058

Nigon

	As at 31 March 2016		
Financial liabilities	**Within one year or on demand**	**In the second to fifth years**	**Total**
	HK$	HK$	HK$
Other payables and accruals	87,456	120,000	207,456
Amount due to the subsidiary	4,761,871	–	4,761,871
Interest-bearing bank and other borrowings (note)	325,559,985	–	325,559,985
	330,409,312	120,000	330,529,312

	As at 31 March 2017		
Financial liabilities	**Within one year or on demand**	**In the second to fifth years**	**Total**
	HK$	HK$	HK$
Other payables and accruals	94,236	120,000	214,236
Amount due to the subsidiary	5,739,063	–	5,739,063
Interest-bearing bank and other borrowings (note)	321,620,625	–	321,620,625
	327,453,924	120,000	327,573,924

Financial liabilities	As at 31 March 2018 Within one year or on demand
	HK$
Other payables and accruals	204,006
Amount due to the subsidiary	7,693,278
Amount due to the holding company	32,260,303
Interest-bearing bank borrowings (note)	242,100,000
	282,257,587

Financial liabilities	As at 30 September 2018 Within one year or on demand
	HK$
Other payables and accruals	232,755
Amount due to the subsidiary	7,693,278
Amount due to the holding company	31,760,303
Interest-bearing bank borrowings (note)	242,100,000
Guarantee given to bank in connection with a facility granted to a related company	75,000,000
	356,786,336

Note:

Included in the above interest-bearing bank and other borrowings of the Nigon Group and Nigon are total bank loans with carrying amounts as at 31 March 2016, 2017, 2018 and 30 September 2018 of HK$120,567,080, HK$104,627,720, HK$242,100,000 and HK$242,100,000, respectively, the banking facility letters of which contain a repayment on-demand clause giving the creditor banks of the bank loans the right to call in the bank loans at any time. Accordingly, for the purpose of the above maturity profile, the contractual undiscounted payment of such bank loans of the Nigon Group and Nigon totaling HK$120,567,080, HK$104,627,720, HK$242,100,000 and HK$242,100,000, respectively, at the end of each of the Relevant Periods are classified as "on demand".

Notwithstanding the above clause, the directors do not believe that such bank loans will be called in entirety within 12 months at the end of each of the Relevant Periods and they consider that the loans will be repaid in accordance with the maturity dates as set out in the banking facility letters. This evaluation was made considering: the financial position of the Nigon Group at the date of approval of the Historical Financial Information; the lack of events of defaults, and the fact that the Nigon Group has made all previously scheduled repayments on time.

In accordance with the terms of the bank loans which contain a repayment on-demand clause, the maturity profile of those loans as at the end of each of the Relevant Periods, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

Nigon Group and Nigon

	Within one year	In the second to fifth years	Beyond five years	Total
	HK$	HK$	HK$	HK$
31 March 2016	17,502,351	56,736,990	53,641,209	127,880,550
31 March 2017	17,462,883	48,004,409	46,060,943	111,528,235
31 March 2018	5,922,371	265,345,307	–	271,267,678
30 September 2018	9,759,926	270,194,944	–	279,954,870

Capital management

The Nigon Group's and Nigon's main objectives of capital management are to ensure that it maintains a solid and stable financing structure to support its ongoing business growth so that it can continue to maximise shareholders' return and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Nigon Group and Nigon manages its capital structure by taking into account various factors including future strategic investment opportunities, capital requirements, capital efficiency, projected operating profitability, cash flows and capital expenditures. The Nigon Group and Nigon manage the capital structure and make adjustments to it in light of changes in economic environment and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Nigon Group and Nigon may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Nigon Group and Nigon are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

Capital of the Nigon Group and Nigon comprises all components of shareholders' equity.

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Nigon or its subsidiary in respect of any period subsequent to 30 September 2018.

Following the Proposed Disposal, the Remaining Group will continue to carry out its existing businesses. Set out below are the management discussion and analysis on the Remaining Group for the three years ended 31 December 2015, 2016 and 2017 and during the six months ended 30 June 2018.

Segmental information

The Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the paint products segment engages in the manufacture and sale of paint products;

(b) the property investment segment comprises:

  (i) the investment in residential, commercial and industrial premises for their rental income potential; and

  (ii) the development and sale of properties;

(c) the iron and steel trading segment comprises the trading of iron and steel products and related investments; and

(d) the others segment comprises, principally, investment holding.

The chief operating decision-maker regularly reviews the operating results of the Remaining Group's operating segments separately for the purpose of resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Remaining Group's profit before tax except that interest income, fair value gains on structured deposit, finance costs, as well as head office and corporate expenses are excluded from such measurement.

A summary of the revenue and segment profit or loss of each business segment of the Remaining Group for the three years ended 31 December 2015, 2016 and 2017 and during the six months ended 30 June 2018 is as follows:

2015	**Paint products**	**Property investment**	**Iron and steel trading**	**Others**	**Total**
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Revenue	868.00	6.92	212.28	–	1,087.20
Segment profit/(loss)	54.64	34.61	(0.66)	1.91	90.50

For the year ended 31 December 2015, revenue of the Remaining Group was approximately HK$1,087.20 million, which was mainly derived from sales of paint products and trading of iron and steel products in Hong Kong and the PRC. During 2015, the Remaining Group recorded total segment profit of approximately HK$90.50 million, which was mainly attributed by the segment profit from paint business in Hong Kong and the PRC and the net fair value gain on the investment properties.

2016	Paint products	Property investment	Iron and steel trading	Others	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Revenue	937.45	7.05	193.30	–	1,137.80
Segment profit	69.71	14.85	4.38	0.08	89.02

For the year ended 31 December 2016, revenue of the Remaining Group increased by approximately 4.7% to HK$1,137.80 million as compared to the previous year. The increase was mainly resulted from increase in sales of paint products in Hong Kong and the PRC. During 2016, the Remaining Group recorded total segment profit of approximately HK$89.02 million, representing a decrease of about 1.6% as compared to the previous year. Despite the significant increase in segment profit from paint business by HK$15.07 million, the decrease in net fair value gains of the investment properties of approximately HK$12.45 million and the incurrence of legal and professional fees of approximately HK$6.42 million related to appealing the rejected proposed columbarium development in Au Tau, Yuen Long, Hong Kong rendered the decrease in total segment profit for 2016.

2017	Paint products	Property investment	Iron and steel trading	Others	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Revenue	995.96	7.99	198.39	–	1,202.34
Segment profit/(loss)	21.65	16.49	3.55	(0.23)	41.46

For the year ended 31 December 2017, revenue of the Remaining Group increased by approximately 5.7% to HK$1,202.34 million as compared to the previous year. The increase was mainly resulted from the increase in sales of paint products in Hong Kong and the PRC. During 2017, the Remaining Group recorded total segment profit of approximately HK$41.46 million, representing a significant decrease of about 53.4% as compared to the previous year. The significant decrease in total segment profit was mainly due to the decrease in gross profit margin of paint business. Despite the increase in revenue by 6.2% from paint business, the gross profit margin decreased by 6.2 percentage point from 37.1% in 2016 to 30.9% in 2017. The decrease in gross profit margin was mainly due to the significant increase in the costs of major raw materials. As a result, the segment profit from paint business was decreased significantly from HK$69.71 million in 2016 to HK$21.65 million in 2017.

Six months ended 30 June 2018	Paint products	Property investment	Iron and steel trading	Others	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Revenue	251.49	5.37	39.13	–	295.99
Segment profit/(loss)	(71.64)	15.81	(2.04)	(1.04)	(58.91)

For the six months ended 30 June 2018, revenue of the Remaining Group decreased by approximately 38.2% to HK$295.99 million as compared to the last corresponding period. The decrease was mainly resulted from the decrease in revenue from the trading of iron and steel products and sales of paint products. During the six months ended 30 June 2018, the Remaining Group recorded total segment loss of approximately HK$58.91 million, representing a significant increase in loss of about 361.4% as compared to the last corresponding period. The significant increase in total segment loss was mainly due to the decrease in revenue and gross profit margin of paint business. In addition to the decrease in revenue from paint business by 34.5%, the gross profit margin of paint business decreased by 5.4 percentage point from 28.0% in 2017 to 22.6% in 2018. The significant decrease in gross profit margin was mainly due to the decrease in amount of revenue and the increase in the raw materials prices and fixed production overheads incurred. As a result, the segment loss from paint business significantly increased from HK$19.48 million in 2017 to HK$71.64 million in 2018.

Liquidity, financial resources and capital commitments

The Remaining Group's assets portfolio was mainly financed by its shareholders' funds and bank borrowings. Details of the bank and other borrowings of the Remaining Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 are set forth below. Bank and other borrowings of the Remaining Group were mainly denominated in Hong Kong dollars, United States dollars and Euro.

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	HK$ million	HK$ million	HK$ million	HK$ million
Shareholders' funds of the Remaining Group	1,218.12	1,201.02	1,281.84	1,169.02
Adjusted capital of the Remaining Group (Note)	1,176.35	1,159.25	1,241.69	1,128.87
Bank and other borrowings of the Remaining Group	205.35	165.92	133.55	231.32

Note: Adjusted capital (the "**Adjusted Capital**") of the Remaining Group is the shareholders' funds less the unrealised leasehold land and building revaluation reserve and investment property revaluation reserve.

As at 31 December 2016, both the shareholders' fund and adjusted capital of the Remaining Group slightly decreased by 1.4% and 1.5% respectively when compared with 2015. Such decrease was mainly due to the net-off effect on profit for the year and the exchange loss on translation of foreign operations. As at 31 December 2017, the shareholders' fund and adjusted capital of the Remaining Group increased by 6.7% and 7.1% respectively when compared with 2016. Such increase was mainly due to the combined effect on profit for the year and the exchange gain on translation of foreign operations.

As at 30 June 2018, the shareholders' fund and adjusted capital of Remaining Group decreased by 8.8% and 9.1% respectively when compared with 31 December 2017. Such decrease was mainly due to the combined effect on total comprehensive loss for the period, 2017 dividend declared and paid of HK$19.04 million and recognition of an additional impairment on trade receivables of HK$27.40 million and fair value adjustments of HK$15.26 million of certain unlisted equity investments previously stated as cost less impairment to fair value reserve (non-recycling) as at 1 January 2018 upon the adoption of HKFRS 9.

As at 31 December 2016, the bank and other borrowings of the Remaining Group decreased by 19.2% when compared with 2015. The decrease was mainly due to repayment of bank loans. As at 31 December 2017, the bank and other borrowings of the Remaining Group decreased by 19.5% when compared with 2016. The decrease was mainly due to repayment of bank loans. As at 30 June 2018, the bank and other borrowings of the Remaining Group increased by 73.2% when compared with 31 December 2017. The significant increase was mainly due to the new bank loan drawn for the acquisition of the entire equity interest in China Molybdenum & Vanadium Development Limited and the use of working capital during the period.

The terms of the Remaining Group's bank and other borrowings varied from less than one year to five years. Based on the agreed scheduled repayment dates in the respective loan agreements and considering the effect of any repayment on demand clause, the Remaining Group's bank and other borrowings were repayable:

	As at 31 December						**As at 30 June**	
	2015		**2016**		**2017**		**2018**	
	HK$ million	%	HK$ million	%	HK$ million	%	HK$ million	%
Within one year or on demand	189.21	92.1	154.32	93.0	132.52	99.2	178.47	77.2
In the second year	5.96	2.9	6.25	3.8	0.41	0.3	52.41	22.6
In the third to fifth years	10.18	5.0	5.35	3.2	0.62	0.5	0.44	0.2
	205.35	100.0	165.92	100.0	133.55	100.0	231.32	100.0

The effective interest rates per annum applied to bank borrowings ranged from 0.4% to 7.2%. and the effective interest rates per annum applied to the finance lease payables ranged from 2.5% to 8.8%.

The cash and cash equivalents of the Remaining Group amounted to HK$275.18 million, HK$264.93 million, HK$378.34 million and HK$233.13 million as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 June 2018 respectively, mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

As at 31 December 2016, the cash and cash equivalents of the Remaining Group slightly decreased by 3.7% when compared with 2015. The increase of cash and cash equivalents of the Remaining Group in 2017 was mainly due to the net proceeds of approximately HK$162.8 million raised by the spin-off and the global offering of CPM Group on the main board of the Stock Exchange in July 2017. The proceeds has been fully utilised for financing the expansion of the Remaining Group. As at 30 June 2018, the cash and cash equivalents of the Remaining Group decreased by 38.4% when compared with 31 December 2017. The decrease of cash and cash equivalents of the Remaining Group in 2018 was mainly due to: (i) deposits paid for acquisition of property, plant and equipment; (ii) earnest money paid for acquisition of paint business or production assets; and (iii) use of working capital.

As at 31 December 2015, 2016 and 2017, capital commitments of the Remaining Group amounted to HK$25.36 million, HK$11.57 million and HK$24.00 million, respectively. These capital commitments mainly related to the construction and purchases of items of property, plant and equipment for the Remaining Group's paint business.

As at 31 December 2016, the capital commitments of the Remaining Group decreased by 54.4% when compared with 2015. It was mainly due to the decrease in capital commitments for purchases of items of property, plant and equipment in respect of production plants of paint business. As at 31 December 2017, the capital commitments of the Remaining Group increased by 107.4% when compared with 2016. It was mainly due to the increase in capital commitments for purchases of items of property, plant and equipment in respect of production plants of paint business. As at 30 June 2018, capital commitments of the Remaining Group amounted to HK$39.45 million. These capital commitments mainly related to the construction, purchases of items of property, plant and equipment and acquisition of new subsidiaries for the Remaining Group's paint business. As at 30 June 2018, the increase in capital commitments of the Remaining Group by 64.4% as compared with 2017 was mainly due to the increase in capital commitments for acquisition of new subsidiaries for paint business.

Employees and remuneration policies

The Remaining Group had 1,118, 1,050, 1,037 and 988 employees as at 31 December 2015, 2016, 2017 and 30 June 2018 respectively. The staff cost (including directors' emoluments) of the Remaining Group for the three years ended 31 December 2015, 2016, 2017 and during the six months ended 30 June 2018 was HK$180.06 million, HK$188.20 million, HK$184.32 million and HK$83.91 million, respectively.

The Remaining Group has a comprehensive and competitive staff remuneration and benefits system which is formulated based on the performance of individual employees. In addition, the Remaining Group also provides a staff option scheme.

Charges on group assets

As at 31 December 2015, 2016, 2017 and 30 June 2018 the Remaining Group had pledged its assets including land and buildings, investment properties, and cash deposits with aggregate carrying value of HK$321.36 million, HK$247.27 million, HK$255.82 million and HK$259.81 million, respectively to secure banking facilities granted to subsidiaries of the Remaining Group.

Gearing ratio

Gearing ratio of the Remaining Group was expressed as a percentage of bank and other borrowings to Adjusted Capital (as defined above). As at 31 December 2015, 2016, 2017 and 30 June 2018, the gearing ratio of the Remaining Group was 17.5%, 14.3%, 10.8% and 20.5%, respectively.

Contingent liabilities

As at 31 December 2015, 2016, 2017 and 30 June 2018 the banking facilities granted to various subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately HK$214.53 million, HK$171.68 million, HK$42.64 million and HK$47.27 million respectively.

Funding and Treasury Policy

The Remaining Group adopts a prudent approach on its funding and treasury policy, which aims at maintaining an optimal financial position for the Remaining Group and minimising its financial risks. The Remaining Group regularly reviews the funding requirements to ensure there are adequate financial resources to support its business operations and future investments as and when needed.

Foreign Currency Exposure

The Remaining Group's cash, bank balances and bank and other borrowings were mainly denominated in Hong Kong Dollars and Renminbi. The Remaining Group's results can be affected by movements in the exchange rate between Hong Kong Dollars and Renminbi. The Remaining Group did not have any hedging instrument to hedge the foreign currency exposure as at 31 December 2015, 2016, 2017 and 30 June 2018. The Remaining Group will continue to monitor its foreign currency exposure and requirements closely and arrange hedging facilities when necessary.

The following management discussion and analysis is based on the consolidated financial information for the years ended 31 March 2016, 31 March 2017 and 31 March 2018 and during the six months ended 30 September 2018 included in the accountants' report of Nigon Group as set forth in the Appendix II(B) headed "Accountants' Reports of the Nigon Group" to this circular.

Business Review

Nigon is a company incorporated in Hong Kong with limited liability on 15 May 2007 and is principally engaged in investment holding, property investment and letting of properties. Lead Creation is a company incorporated in Hong Kong with limited liability on 25 February 2005 and is principally engaged in hotel operation. On 30 November 2018, Nigon has disposed of the entire issued share capital of Lead Creation to Mr. Tang. Since then, the Wan Chai Property has been the only major asset held by Nigon. Based on the information provided by Jetco, it acquired the entire issued share capital of Nigon in February 2018. As far as the Directors are aware of, there was no other material acquisition and/or disposal by Nigon Group during the years ended 31 March 2016, 31 March 2017 and 31 March 2018 and during the six months ended 30 September 2018 respectively.

Financial Review

(a) Segmental information

The Nigon Group was organised into business units based on their services and had two reportable operating segments as follows:

(a) the property investment and letting of the property; and

(b) hotel operation.

A summary of the revenue and profit or loss of each business segment of the Nigon Group for the three years ended 31 March 2016, 2017 and 2018 and during the six months ended 30 September 2018 is as follows:

2016	**Property investment**	**Hotel operation**	**Total**
	HK$ million	HK$ million	HK$ million
Revenue	0.43	16.06	16.49
Profit/(loss) for the year	(6.37)	3.76	(2.61)

For the year ended 31 March 2016, revenue of the Nigon Group was approximately HK$16.49 million, which was derived from letting of the property and hotel operation. During the year ended 31 March 2016, the Nigon Group recorded a loss of approximately HK$2.61 million, which was mainly attributed to the loss from property investment in Hong Kong.

2017	**Property investment**	**Hotel operation**	**Total**
	HK$ million	HK$ million	HK$ million
Revenue	0.48	14.47	14.95
Profit/(loss) for the year	(6.31)	4.63	(1.68)

For the year ended 31 March 2017, revenue of the Nigon Group decreased by approximately 9.3% to HK$14.95 million as compared to the previous year. The decrease was mainly resulted from decrease of service income from hotel operation, as the average room rate decreased by 11.8% in March 2017 when compared with the rate in March 2016. During the year ended 31 March 2017, the Nigon Group recorded a loss of approximately HK$1.68 million, representing an decrease of about 35.6% as compared to the previous year. The decrease in loss was mainly due to the decrease in depreciation from hotel operation during 2017.

2018	**Property investment**	**Hotel operation**	**Total**
	HK$ million	HK$ million	HK$ million
Revenue	0.48	13.57	14.05
Profit/(loss) for the year	(5.65)	4.59	(1.06)

For the year ended 31 March 2018, revenue of the Nigon Group decreased by approximately 6.0% to HK$14.05 million as compared to the previous year. The decrease was mainly resulted from the cessation of hotel operation of the Nigon Group in February 2018, as the Wan Chai Property was operated as hotel by Tang's Living (which was not a member of the Nigon Group) since February 2018. During the year ended 31 March 2018, the Nigon Group recorded a loss of approximately HK$1.06 million, representing a decrease of about 36.9% as compared to the previous year. The decrease in loss was mainly due to the decrease in depreciation from hotel operation during 2018.

Six months ended 30 September 2018	**Property investment**	**Hotel operation**	**Total**
	HK$ million	HK$ million	HK$ million
Revenue	6.67	–	6.67
Profit for the period	136.42	–	136.42

For the six months ended 30 September 2018, revenue of the Nigon Group increased by approximately 2,677.1% to HK$6.67 million as compared to the last corresponding period. The increase was mainly resulted from the net effect of increase in rental income and cessation of Nigon Group's hotel operation in February 2018. During the six months ended 30 September 2018, the

Nigon Group recorded a profit of approximately HK$136.42 million, representing an increase of about 12,423.3% as compared to the last corresponding period. The increase in profit was mainly due to the reclassification of Nigon Group's hotel building as an investment property when ceased its hotel operation in February 2018, pursuant to which fair value gain of HK$134.57 million has been recognised on the investment property during the six months ended 30 September 2018.

(b) Liquidity, financial resources and capital commitments

The Nigon Group's assets portfolio was mainly financed by its shareholders' funds and bank and other borrowings. Bank and other borrowings of the Nigon Group were all denominated in Hong Kong dollars as at 31 March 2016, 2017 and 2018, and 30 September 2018. Based on the agreed scheduled repayment dates in the respective loan agreements and considering the effect of any repayment on demand clause, all the Nigon Group's bank and other borrowings were repayable within one year or on demand. The effective interest rates per annum applied to bank borrowings ranged from HIBOR+0.9% to HIBOR+2.0%. Details of the financial resources of the Nigon Group as at 31 March 2016, 2017 and 2018, and 30 September 2018 are set forth below.

	As at 31 March			As at 30 September
	2016	**2017**	**2018**	**2018**
	HK$ million	HK$ million	HK$ million	HK$ million
Shareholders' funds/(deficits) of the Nigon Group	(17.90)	(19.58)	159.03	295.45
Adjusted capital/(deficits) of the Nigon Group (Note)	(17.90)	(19.58)	(20.64)	115.78
Bank and other borrowings of the Nigon Group	325.56	321.68	242.10	242.10

Note: Adjusted capital of the Nigon Group is the shareholders' funds/(deficits) less the unrealised investment property revaluation reserve.

As at 30 September 2018, the significant increase in both the shareholders' funds and adjusted capital of Nigon Group by approximately HK$136.42 million when compared with the balance as at 31 March 2018. The increase was mainly due to recognition of fair value gain on the investment property during the six months ended 30 September 2018.

As at 31 March 2017, both the shareholders' deficits and adjusted deficits of Nigon Group increased by approximately HK$1.68 million when compared with 2016. It was mainly due to the increase of loss for the year. As at 31 March 2018, both the shareholders' fund of the Nigon Group significantly increased by approximately HK$178.61 million when compared with 2017. It was mainly due to the recognition of gain on property revaluation of HK$179.67 million in other comprehensive income in 2018. As at 31 March 2018, the adjusted deficits of Nigon Group increased by approximately HK$1.06 million when compared with 2017, mainly due to the increase in profit for the year.

As at 31 March 2017, the bank and other borrowings of Nigon Group slightly decreased by approximately HK$3.88 million when compared with 2016. It was mainly due to the repayment of bank loans. As at 31 March 2018, the bank and other borrowings of Nigon Group significantly decreased by approximately HK$79.58 million when compared with 2017. It was mainly due to repayment of bank loans. As at 30 September 2018, the bank and other borrowings of the Nigon Group remained as HK$242.10 million.

The cash and cash equivalents of Nigon Group amounted to HK$37.62 million, HK$6.02 million, HK$3.60 million and HK$4.21 million as at 31 March 2016, 31 March 2017, 31 March 2018 and 30 September 2018 respectively, all of which were denominated in Hong Kong dollars.

As at 31 March 2017, the cash and cash equivalents of Nigon Group significantly decreased by approximately HK$31.60 million when compared with 2016. It was mainly due to the increase in amount due from a related company. As at 31 March 2018, the cash and cash equivalents of Nigon Group decreased by approximately HK$2.42 million when compared with 2017. It was mainly due to the increase in net cash used in operating activities. As at 30 September 2018, the cash and cash equivalents of Nigon Group increased by HK$0.61 million when compared with the balance as at 31 March 2018. It was mainly due to the net effect of increase in net cash from operating activities, decrease in net cash flows used in investing activities and increase in net cash used in financing activities.

The Nigon Group did not have capital commitments as at 31 March 2016, 2017 and 2018 and 30 September 2018.

(c) Employees and remuneration policies

The Nigon Group had 22, 19, nil and nil employees as at 31 March 2016, 2017 and 2018 and 30 September 2018, respectively. The staff cost (including directors' emoluments) of the Nigon Group for the three years ended 31 March 2016, 2017 and 2018 and 30 September 2018 was HK$4.40 million, HK$3.81 million and HK$3.14 million and HK$nil, respectively. The Nigon Group has a comprehensive and competitive staff remuneration and benefits system which is formulated on the performance of individual employees.

(d) Charges on group assets

As at 31 March, 2016, 2017, 2018 and 30 September 2018, the Nigon Group had pledged its leasehold land and building and investment property with aggregate carrying value of HK$221.98 million, HK$216.56 million, HK$395.00 million and HK$530.00 million, respectively to secure banking facilities granted to Nigon and its related company.

(e) Future plans for material capital assets

During the three years ended 31 March, 2016, 2017, 2018 and 30 September 2018, the Nigon Group did not incur any material capital expenditures. The future plans for material capital assets of the Nigon Group may include the renovation of the hotel.

(f) Gearing ratio

Gearing ratio of the Nigon Group was expressed as a percentage of bank and other borrowings to adjusted capital/(deficits) (as defined above). As at 31 March 2016, 2017, 2018 and 30 September 2018, the gearing ratio of the Nigon Group was 1,818.8%, 1,642.9%, 1,173.0% and 209.10%, respectively.

As at 31 March 2016, 2017, 2018 and 30 September 2018, the gearing ratios of Nigon Group were extremely high because the property, plant and equipment and the investment property of Nigon Group was fully financed by bank and other borrowings.

(g) Contingent liabilities

The Nigon Group did not have contingent liabilities as at 31 March 2016, 2017, 2018. As at 30 September 2018, the banking facilities guaranteed by Nigon to the related company was utilised to the extent of HK$75.00 million.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP AND THE ENLARGED GROUP

THE REMAINING GROUP

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared, in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, to illustrate the effect of the Proposed Disposal that might have on the financial information of the Group, assuming that the Proposed Acquisition was undertaken after the completion of the Proposed Disposal.

The unaudited pro forma consolidated statement of the financial position of the Remaining Group which is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2017, after giving the effect to the pro forma adjustments as explained in the notes in section (1) of the appendix attached, for the purpose of illustrating the effect of the Proposed Disposal on the financial position of the Group as if the Proposed Disposal had taken place on 31 December 2017.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group in sections (2), (3) and (4), respectively, of the appendix attached, is prepared based on the audited consolidated statement of profit or loss, the consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017, respectively, after giving the effect to the pro forma adjustments as explained in the notes in section (2), (3) and (4), respectively, of the appendix attached, for the purpose of illustrating the effect of the Proposed Disposal on the results and cash flows, respectively, of the Group as if the Proposed Disposal had taken place on 1 January 2017. These pro forma adjustments are (i) directly attributable to the Proposed Disposal and not relating to other future events and decisions; (ii) factually supportable; and (iii) considered to be integral to the Proposed Disposal.

The unaudited pro forma financial information of the Remaining Group has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group had the Proposed Disposal been completed as at 31 December 2017 for the financial position, or 1 January 2017 for the financial results and cash flows or at any future date.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017 as set out in the annual report of the Company for the year ended 31 December 2017 and other financial information included elsewhere in this circular.

THE ENLARGED GROUP

The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared, in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, to illustrate the effect of the Proposed Acquisition that might have on the financial information of the Remaining Group, assuming that the Proposed Acquisition was undertaken after the completion of the Proposed Disposal.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as shown in the column headed "Unaudited pro forma consolidated statement of financial position of the Remaining Group after the Proposed Disposal" of the section (1) of the appendix attached, after giving effect to the pro forma adjustments as explained in the notes in section (1) of the appendix attached, for the purpose of illustrating the effect of the Proposed Acquisition on the financial position of the Remaining Group as if the Proposed Acquisition had taken place on 30 September 2018.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group is prepared based on the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, respectively, of the Remaining Group as shown in the columns headed "Unaudited pro forma consolidated statement of profit or loss of the Remaining Group after the Proposed Disposal" of the section (2), "Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group after the Proposed Disposal" of the section (3) and "Unaudited pro forma consolidated statement of cash flows of the Remaining Group after the Proposed Disposal" of the section (4), respectively, of the appendix attached, after giving the effect to the pro forma adjustments as explained in the notes in sections (2), (3) and (4), respectively, of the appendix attached, for the purpose of illustrating the effect of the Proposed Acquisition on the results and cash flows of the Remaining Group as if the Proposed Acquisition had taken place on 1 April 2017. These pro forma adjustments are (i) directly attributable to the Proposed Acquisition and not relating to other future events and decisions; (ii) factually supportable; and (iii) considered to be integral to the Proposed Acquisition.

The unaudited pro forma financial information of the Enlarged Group has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition been completed as at 30 September 2018 for the financial position, or 1 April 2017 for the financial results and cash flows or at any future date.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with other financial information included elsewhere in this circular.

(1) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited consolidated statement of financial position of the Group As at 31 December 2017	Pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group after the Proposed Disposal	Pro forma adjustments				Unaudited pro forma consolidated statement of financial position of the Enlarged Group after the Proposed Acquisition
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*		*Note (5)*	*Note (6)*	*Note (7)*	*Note (8)*	
NON-CURRENT ASSETS										
Property, plant and equipment	276,075	(9)		(864)	275,202					275,202
Investment properties	683,923	(351,787)		11,807	343,943	530,000		(10,840)		863,103
Properties under development	28,000				28,000					28,000
Prepaid land lease payments	19,232				19,232					19,232
Interests in associates	15,360				15,360					15,360
Available-for-sale investments	92,083				92,083					92,083
Utility and other deposits	–				–	421				421
Deposits for purchases of properties, plant and equipment	14,228				14,228					14,228
Net pension scheme assets	4,421				4,421					4,421
Deferred tax assets	5,617				5,617					5,617
Total non-current assets	**1,138,939**				**798,086**	**530,421**				**1,317,667**
CURRENT ASSETS										
Inventories	79,930				79,930					79,930
Trade and bills receivables	724,086				724,086					724,086
Prepayments, deposits and other receivables	60,044	(2,055)			57,989	6,439				64,428
Tax recoverable	1,233	(867)			366					366
Amount due from a related company	–				–	35,337		(35,337)		–
Pledged deposits	3,269				3,269					3,269
Cash and cash equivalents	382,770	895,570	(7,500)		1,270,840	4,203	10	(530,000)	(2,500)	742,553
Assets of a disposal group classified as held for sale	–				–	49	(49)			–
Total current assets	**1,251,332**				**2,136,480**	**46,028**				**1,614,632**
CURRENT LIABILITIES										
Trade payables	(304,705)				(304,705)					(304,705)
Other payables and accruals	(126,500)	2,160			(124,340)	(233)				(124,573)
Amount due to an associate	(2,800)				(2,800)					(2,800)
Interest-bearing bank and other borrowings	(132,525)				(132,525)	(242,100)		242,100		(132,525)
Tax payable	(16,892)				(16,892)					(16,892)
Amount due to the holding company of Nigon	–				–	(31,760)		31,760		–
Due to the Remaining Group	–				–					–
Liabilities directly associated with the assets classified as held for sale	–				–	(602)	602			–
Total current liabilities	**(583,422)**				**(581,262)**	**(274,695)**				**(581,495)**
NET CURRENT ASSETS	**667,910**				**1,555,218**	**(228,667)**				**1,033,137**
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,806,849**				**2,353,304**	**301,754**				**2,350,804**
NON-CURRENT LIABILITIES										
Interest-bearing bank and other borrowings	(1,026)				(1,026)					(1,026)
Deferred tax liabilities	(42,505)	11,416		(2,888)	(33,977)	(6,300)		6,300		(33,977)
Deferred income	(2,215)				(2,215)					(2,215)
Total non-current liabilities	**(45,746)**				**(37,218)**	**(6,300)**				**(37,218)**
Net assets	**1,761,103**				**2,316,086**	**295,454**				**2,313,586**
Capital and Reserves										
Share capital	(190,369)				(190,369)	–				(190,369)
Reserves	(1,379,116)	(554,428)	7,500	(8,055)	(1,934,099)	(295,454)	(563)	296,017	2,500	(1,931,599)
	(1,569,485)				(2,124,468)	(295,454)				(2,121,968)
Non-controlling interest	(191,618)				(191,618)	–				(191,618)
Total equity	(1,761,103)				(2,316,086)	(295,454)				(2,313,586)

(1) The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2017 as set out in the published annual report of the Company for the year ended 31 December 2017.

(2) The adjustments represent (a) the de-consolidation of assets and liabilities of the Ocean Wide Group as at 31 December 2017, which were extracted from the unaudited consolidated statement of financial position of the Ocean Wide Group as at 31 December 2017 as set out in Appendix II(A) to this circular, and (b) the estimated net gain on the Proposed Disposal as if the Proposed Disposal had taken place on 31 December 2017, which is calculated as follows:

	HK$'000	HK$'000
Consideration for the Proposed Disposal		900,000
Less: Total assets and liabilities of the Ocean Wide Group as at 31 December 2017		
Property, plant and equipment	(9)	
Investment properties	(351,787)	
Prepayments, deposits and other receivables	(2,055)	
Tax recoverable	(867)	
Cash and cash equivalents	(4,430)	
Other payables and accruals	2,160	
Deferred tax liabilities	11,416	
		(345,572)
Estimated net gain on the Proposed Disposal, before expenses		554,428

The actual amount of gain on the Proposed Disposal may be different from the amount described above and would be subject to carrying amounts of net assets of the Ocean Wide Group and the shareholders' loans balance of the Ocean Wide Group to be repaid on the date of completion of the Proposed Disposal.

(3) The adjustment represents professional expenses directly attributable to the Proposed Disposal which would be recognised in the Remaining Group's consolidated statement of financial position upon completion of the Proposed Disposal. The adjustment is not expected to have a continuing effect on the Remaining Group.

(4) The adjustments represent the reversal of consolidation adjustments on reclassifying a portion of investment properties held by the Ocean Wide Group, which was leased to the Remaining Group, as property, plant and equipment, as if the Prosposed Disposal had taken place on 31 December 2017.

(5) These amounts are extracted from the consolidated statement of financial position of the Nigon Group as at 30 September 2018 as set out in the accountants' report of the Nigon Group in Appendix II(B) to this circular.

(6) The adjustment represents the disposal of Lead Creation at a consideration of HK$10,000, which represented the nominal amount of issued share capital of Lead Creation, to Mr. Tang Shing Bor, a director of Nigon. As disclosed in the announcement of CNT Group dated 10 September 2018 and the Share Exchange Agreement, the disposal of Lead Creation will be completed before the completion of the Proposed Acquisition. A gain on disposal, as if the disposal had taken place on 30 September 2018, is calculated as:

	HK$'000
Consideration for the disposal of Lead Creation	10
Less: Net liabilities of Lead Creation as at 30 September 2018	553
Gain on disposal of Lead Creation assuming the disposal had taken place on 30 September 2018	563

(7) The adjustment represents the fair value adjustment on the Nigon Group's non-current assets upon the Proposed Acquisition as if it had taken place on 30 September 2018, which is calculated as follows:

	HK$'000
Consideration for the Proposed Acquisition	530,000
Less: Net assets value of the Nigon Group at 30 September 2018 *(note 5)*	(295,454)
Less: Increase in net assets value upon disposal of Lead Creation *(note 6)*	(563)
Less: Increase in net assets value upon settlement of intercompany balances and bank borrowings	(238,523)
Less: Reversal of deferred tax liability upon initial recognition of acquisition of related assets	(6,300)
Being the excess of net asset acquired over the cash consideration	(10,840)

(8) The adjustment represents professional expenses directly attributable to the Proposed Acquisition which would be recognised in the Enlarged Group's consolidated statement of financial position upon completion of the Proposed Acquisition. The adjustment is not expected to have a continuing effect on the Enlarged Group.

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Audited consolidated statement of profit or loss of the Group for the year ended 31 December 2017	Pro forma adjustments					Unaudited pro forma consolidated statement of profit or loss of the Remaining Group after the Proposed Disposal	Pro forma adjustments						Unaudited pro forma consolidated statement of profit or loss of the Enlarged Group after the Proposed Acquisition
	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
	Note(1)	*Note(2)*	*Note(3)*	*Note(4)*	*Note(5)*	*Note(6)*		*Note(7)*	*Note(8)*	*Note(9)*	*Note(10)*	*Note(11)*	*Note(12)*	
CONTINUING OPERATION														
REVENUE	1,228,065	(26,992)				1,260	1,202,333	480			3,500			1,206,313
Cost of sales	(880,595)						(880,595)							(880,595)
Gross profit	347,470						321,738	480						325,718
Other income and gains, net	14,459	(71)					14,388	437						14,825
Selling and distribution expenses	(171,292)						(171,292)							(171,292)
Administrative expenses	(134,658)	7,817		54		(1,260)	(128,047)	(4,853)				4,737	(2,500)	(130,663)
Other expenses, net	(26,494)						(26,494)		(303)					(26,797)
Fair value gains on investment properties, net	27,799	(17,167)		577			11,209							11,209
Finance costs	(2,245)						(2,245)	(1,504)						(3,749)
Share of profit and losses of associates	3,214						3,214							3,214
Gain on disposal of subsidiaries	–		571,924		(7,500)		564,424							564,424
PROFIT BEFORE TAX FROM CONTINUING OPERATION	**58,253**						**586,895**	**(5,440)**						**586,889**
Income tax	(11,335)	3,132		20			(8,183)	(211)						(8,394)
PROFIT FOR THE YEAR FROM CONTINUING OPERATION	46,918						578,712	(5,651)						578,495
DISCONTINUED OPERATION														
Profit for the year from a discontinued operation	–						–	4,591		(4,591)				–
PROFIT FOR THE PERIOD	**46,918**						**578,712**	**(1,060)**						**578,495**
ATTRIBUTABLE TO:														
Owners of the parent	37,516	(33,281)	571,924	651	(7,500)		569,310	(1,060)	(303)	(4,591)	3,500	4,737	(2,500)	569,093
Non-controlling interest	9,402						9,402							9,402
	46,918						578,712	(1,060)						578,495

(1) The amounts are extracted from the audited consolidated statement of profit or loss of the Group for the year ended 31 December 2017 as set out in the published annual report of the Company for the year ended 31 December 2017.

(2) These adjustments represent the de-consolidation of the results of the Ocean Wide Group for the year ended 31 December 2017, which were extracted from the unaudited consolidated statement of profit or loss and other comprehensive income of the Ocean Wide Group for the year ended 31 December 2017 as set out in Appendix II(A) to this circular, as if the Proposed Disposal had taken place on 1 January 2017.

(3) The adjustment represents the estimated net gain on the Proposed Disposal as if it had taken place on 1 January 2017, which is calculated as follows:

	HK$'000
Consideration for the Proposed Disposal	900,000
Less: Net assets of the Ocean Wide Group as at 1 January 2017, after consolidation adjustments of HK$7,403,000	(276,615)
Less: Amount owed by the Ocean Wide Group to the Remaining Group, before expenses	(51,461)
Estimated net gain on the Proposed Disposal, before expenses	571,924

The actual amount of gain on the Proposed Disposal may be different from the amount described above and would be subject to carrying amounts of net assets of the Ocean Wide Group and the shareholder's loan owed by Ocean Wide to its immediate holding company to be repaid on the date of completion of the Proposed Disposal.

(4) These adjustments represent (i) the reversal of depreciation expense recognised at the consolidation level which is related to a portion of the properties held by the Ocean Wide Group and leased to the Remaining Group; (ii) the reversal of exclusion of fair value gain that is related to the above portion of properties; and (iii) the corresponding adjustment on deferred tax expenses.

(5) The adjustment represents professional expenses directly attributable to the Proposed Disposal which would be recognised in the Remaining Group's consolidated statement of profit or loss upon completion of the Proposed Disposal. The adjustment is not expected to have a continuing effect on the Remaining Group.

(6) The amount represents rental expense from the Remaining Group to the Ocean Wide Group which was previously eliminated upon the preparation of the Group's consolidated financial statements for the year ended 31 December 2017.

(7) These amounts are extracted from the consolidated statement of profit or loss of the Nigon Group for the year ended 31 March 2018 as set out in the accountants' report of the Nigon Group in Appendix II(B) to the Circular, as if the Proposed Acquisition had taken place on 1 April 2017.

(8) The adjustment represents the disposal of Lead Creation at a consideration of HK$10,000, which represented the nominal amount of issued share capital of Lead Creation, to Mr. Tang Shing Bor, a director of Nigon. As disclosed in the announcement of CNT Group dated 10 September 2018 and the Share Exchange Agreement, the disposal of Lead Creation will be completed before the completion of the Proposed Acquisition. A loss on disposal, as if the disposal had taken place on 1 April 2017, is calculated as:

	HK$'000
Consideration for the disposal of Lead Creation	10
Less: Net assets of Lead Creation as at 1 April 2017	(313)
Loss on disposal of Lead Creation assuming the disposal had taken place on 1 April 2017	(303)

(9) The adjustment represents the de-consolidation of the results of Lead Creation for the year ended 31 March 2018, as if the disposal of Lead Creation had taken place on 1 April 2017.

(10) The amount represents rental income from Lead Creation to Nigon which was previously eliminated upon the preparation of the Nigon Group's consolidated financial statements for the year ended 31 March 2018.

(11) The adjustment represents the reversal of depreciation expense which is related to the hotel property held by Nigon and leased to Lead Creation.

(12) The adjustment represents professional expenses directly attributable to the Proposed Acquisition which would be recognised in the Enlarged Group's consolidated statement of profit or loss upon completion of the Proposed Acquisition. The adjustment is not expected to have a continuing effect on the Enlarged Group.

(3) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2017	Pro forma adjustments				Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group after the Proposed Disposal	Pro forma adjustments							Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group after the Proposed Acquisition
	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
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (5)*		*Note (6)*	*Note (7)*	*Note (8)*	*Note (9)*	*Note (10)*	*Note (11)*	*Note (12)*	
PROFIT/(LOSS) FOR THE YEAR	**46,918**	**(33,281)**	**571,924**	**651**	**(7,500)**	**578,712**	**(1,060)**	**(303)**	**(4,591)**	**3,500**	**4,737**	**–**	**(2,500)**	**578,495**
OTHER COMPREHENSIVE INCOME														
Other comprehensive income to be reclassified to profit or loss in subsequent periods:														
Exchange differences on translation of foreign operations	54,883					54,883	–							54,883
Share of other comprehensive income of an associate	295					295	–							295
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	55,178					55,178	–							55,178
Other comprehensive income not to be reclassified to profit or loss subsequent periods:														
Remeasurement of net pension scheme assets	2,176					2,176	–							2,176
Gain on property revaluation, net of tax	–					–	179,669					(179,669)		–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	2,176					2,176	179,669							2,176
OTHER COMPREHENSIVE INCOME FOR THE YEAR	57,354					57,354	179,669							57,354
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	104,272					636,066	178,609							635,849
ATTRIBUTABLE TO:														
Owners of the parent	87,403	(33,281)	571,924	651	(7,500)	619,197	178,609	(303)	(4,591)	3,500	4,737	(179,669)	(2,500)	618,980
Non-controlling interest	16,869					16,869	–							16,869
	104,272					636,066	178,609							635,849

(1) The amounts are extracted from the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2017 as set out in the published annual report of the Company for the year ended 31 December 2017.

(2) These adjustments represent the de-consolidation of the results of the Ocean Wide Group for the year ended 31 December 2017, which were extracted from the unaudited consolidated statement of profit or loss and other comprehensive income of the Ocean Wide Group for the year ended 31 December 2017 as set out in Appendix II(A) to this circular, as if the Proposed Disposal had taken place on 1 January 2017.

(3) The adjustment represents the estimated net gain on the Proposed Disposal as if it had taken place on 1 January 2017, which is calculated as follows:

	HK$'000
Consideration for the Proposed Disposal	900,000
Less: Net assets of the Ocean Wide Group as at 1 January 2017, after consolidation adjustments of HK$7,403,000	(276,615)
Less: Amount owed by the Ocean Wide Group to the Remaining Group	(51,461)
Estimated net gain on the Proposed Disposal	571,924

The actual amount of gain on the Proposed Disposal may be different from the amount described above and would be subject to carrying amounts of net assets of the Ocean Wide Group and the shareholder's loan owed by Ocean Wide to its immediate holding company to be repaid on the date of completion of the Proposed Disposal.

(4) These adjustments represent (i) the reversal of depreciation expense recognised at the consolidation level which is related to a portion of the properties held by the Ocean Wide Group and leased to the Remaining Group; (ii) the reversal of exclusion of fair value gain that is related to the above portion of properties; and (iii) the corresponding adjustment on deferred tax expenses.

(5) The adjustment represents professional expenses directly attributable to the Proposed Disposal which would be recognised in the Remaining Group's consolidated statement of comprehensive income upon completion of the Proposed Disposal. The adjustment is not expected to have a continuing effect on the Remaining Group.

(6) These amounts are extracted from the consolidated statement of comprehensive income of the Nigon Group for the year ended 31 March 2018 as set out in the accountants' report of the Nigon Group in Appendix II(B) to the Circular, as if the Proposed Acquisition had taken place on 1 April 2017.

(7) The adjustment represents the disposal of Lead Creation at a consideration of HK$10,000, which represented the nominal amount of issued share capital of Lead Creation, to Mr. Tang Shing Bor, a director of Nigon. As disclosed in the announcement of CNT Group dated 10 September 2018 and the Share Exchange Agreement, the disposal of Lead Creation will be completed before the completion of the Proposed Acquisition. A loss on disposal, as if the disposal had taken place on 1 April 2017, is calculated as:

	HK$'000
Consideration for the disposal of Lead Creation	10
Less: Net assets of Lead Creation as at 1 April 2017	(313)
Loss on disposal of Lead Creation assuming the disposal had taken place on 1 April 2017	(303)

(8) The adjustment represents the de-consolidation of the results of Lead Creation for the year ended 31 March 2018, as if the disposal of Lead Creation had taken place on 1 April 2017.

(9) The amount represents rental income from Lead Creation to Nigon which was previously eliminated upon the preparation of the Nigon Group's consolidated financial statements for the year ended 31 March 2018.

(10) The adjustment represents the reversal of depreciation expense which is related to the hotel property held by Nigon and leased to Lead Creation.

(11) The adjustment represents the reversal of the gain on property revaluation, net of tax in relation to the hotel property during the year ended 31 March 2018, which is considered a pre-acquisition gain in nature.

(12) The adjustment represents professional expenses directly attributable to the Proposed Acquisition which would be recognised in the Enlarged Group's consolidated statement of comprehensive income upon completion of the Proposed Acquisition. The adjustment is not expected to have a continuing effect on the Enlarged Group.

(4) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2017	Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Remaining Group after the Proposed Disposal	Pro forma adjustments							Unaudited pro forma consolidated statement of cash flows of the Enlarged Group after the Proposed Acquisition
	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
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (5)*		*Note (6)*	*Note (7)*	*Note (8)*	*Note (9)*	*Note (10)*	*Note (11)*	*Note (12)*	
CASH FLOWS FROM OPERATING ACTIVITIES														
Profit before tax	58,253	(36,413)	571,924	631	(7,500)	586,895	(5,440)	(303)		3,500	4,737		(2,500)	586,889
Profit before tax from a discontinued operation							5,006		(5,006)					–
Adjustments for:														
Finance costs	2,245					2,245	1,668		(164)					3,749
Share of profits and loss of associates	(3,214)					(3,214)								(3,214)
Bank interest income	(1,352)					(1,352)	(434)							(1,786)
Depreciation	20,795	(3)		(54)		20,738	5,153		(416)		(4,737)			20,738
Amortisation of prepaid land lease payments	513					513								513
Recognition of deferred income	(295)					(295)								(295)
Loss on disposal of items of property, plant and equipment	61					61								61
Write-off of items of property, plant and equipment	558					558								558
Write-back of inventories to net realisable value	(2,841)					(2,841)								(2,841)
Provision for impairment of trade receivables	7,967					7,967								7,967
Fair value gains on investment properties	(27,799)	17,167		(577)		(11,209)								(11,209)
Fair value gains on structured deposits	(762)					(762)								(762)
Dividend income from an available-for-sale investment	(240)					(240)								(240)
Impairment of items of property, plant and equipment	–					–	1,005		(1,005)					–
Impairment of an available-for-sale investment	4,000					4,000								4,000
Net pension benefit expenses	127					127								127
Gain on disposal of a discontinued operation	–					–		303						303
Gain on disposal of subsidiaries	–		(571,924)			(571,924)								(571,924)
	58,016					**31,267**	**6,958**							**32,634**
Increase in inventories	7,952					7,952	48		(48)					7,952
Increase in trade and bills receivables	(199,123)					(199,123)								(199,123)
Decrease in prepayments, deposits and other receivables	(11,989)	(1,996)				(13,985)	620		(798)					(14,163)
Decrease in trade and bills payables	73,552					73,552	(1,065)		1,065					73,552
Increase in other payables and accruals	(29,038)	(84)				(29,122)	(195)		2,175					(27,142)
Changes in balance with the Remaining Group	–	14,349				14,349								14,349
Decrease in an amount due from a related company of Nigon	–					–	(42,057)							(42,057)
Decrease in an amount due to a related company of Lead Creation	–					–	291		(291)					–
Exchange realignment	(6,727)					(6,727)								(6,727)
Cash used in operations	**(107,357)**					**(121,837)**	**(35,400)**							**(160,725)**
Interest paid	(2,163)					(2,163)								(2,163)
Interest received	–					–	434							434
Interest element of finance lease rental payments	(78)					(78)								(78)
Hong Kong taxes paid	(6,340)	4,007				(2,333)	36		(36)					(2,333)
Overseas taxes paid	(8,479)					(8,479)								(8,479)
Net cash flows used in operating activities	**(124,417)**					**(134,890)**	**(34,930)**							**(173,344)**

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2017	Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Remaining Group after the Proposed Disposal	Pro forma adjustments							Unaudited pro forma consolidated statement of cash flows of the Enlarged Group after the Proposed Acquisition
	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
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	*Note (5)*		*Note (6)*	*Note (7)*	*Note (8)*	*Note (9)*	*Note (10)*	*Note (11)*	*Note (12)*	
CASH FLOWS FROM INVESTING ACTIVITIES														
Purchases of items of property, plant and equipment	(16,282)					(16,282)	(841)		841					(16,282)
Proceeds from disposal of items of property, plant and equipment	79					79								79
Investments in structured deposits	(165,055)					(165,055)								(165,055)
Proceeds from structured deposits	266,131					266,131								266,131
Interest received	1,346					1,346								1,346
Dividend received from an available-for-sale investment	240					240								240
Deposits paid for purchases of property, plant and equipment, and investment properties	(6,389)					(6,389)								(6,389)
Decrease in pledged time deposits with original maturity of more than three months when acquired	961					961								961
Decrease/(increase) in time deposits with original maturity of more than three months when acquired	(1,962)					(1,962)								(1,962)
Changes in balance with CNT Group Limited	–	(11)				(11)								(11)
Acquisition of a subsidiary	–					–						(530,000)		(530,000)
Proceed from disposal of a discontinued operation	–					–		10						10
Proceed from disposal of subsidiaries	–		900,000			900,000								900,000
Net cash flows from/(used in) investing activities	79,069					979,058	(841)							449,068
CASH FLOWS FROM FINANCING ACTIVITIES														
Net proceed from issue of new shares of a subsidiary	198,441					198,441								198,441
New bank loans	178,574					178,574	242,100							420,674
Increase in shareholders' loans of Nigon	–					–	95,079							95,079
Repayment of bank loans	(210,581)					(210,581)	(104,628)							(315,209)
Interest paid	–					–	(1,704)		164					(1,540)
Decrease in an amount due to the holding company of Nigon	–					–	(197,500)							(197,500)
Dividend paid	(19,037)					(19,037)								(19,037)
Capital element of finance lease rental payments	(384)					(384)								(384)
Net cash flows from financing activities	**147,013**					**147,013**	**33,347**							**180,524**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**101,665**					**991,181**	**(2,424)**							**456,248**
Cash and cash equivalents at beginning of period	266,377	(1,446)				264,931	6,024		19					270,974
Effect of foreign exchange rate changes, net	14,728					14,728								14,728
CASH AND CASH EQUIVALENTS AT END OF PERIOD	382,770					1,270,840	3,600							741,950
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS														
Cash and bank balances	257,169	(4,430)	900,000		(7,500)	1,145,239	3,600	10	(3,500)	3,500		(530,000)	(2,500)	616,349
Non-pledged/non-restricted time deposits	125,601					125,601								125,601
Cash and cash equivalents as stated in the consolidated statement of financial position	**382,770**					**1,270,840**	**3,600**							**741,950**

(1) The amounts are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017 as set out in the published annual report of the Company for the year ended 31 December 2017.

(2) These adjustments represent the de-consolidation of the results of the Ocean Wide Group for the year ended 31 December 2017, which were extracted from the unaudited consolidated statement of cash flows of the Ocean Wide Group for the year ended 31 December 2017 as set out in Appendix II(A) to this circular, as if the Proposed Disposal had taken place on 1 January 2017.

(3) The adjustment represents the estimated net gain on the Proposed Disposal as if it had taken place on 1 January 2017, which is calculated as follows:

	HK$'000
Consideration for the Proposed Disposal	900,000
Less: Net assets of the Ocean Wide Group as at 1 January 2017, after consolidation adjustments of HK$7,403,000	(276,615)
Less: Amount owed by the Ocean Wide Group to the Remaining Group	(51,461)
Estimated net gain on the Proposed Disposal, before expenses	571,924

The actual amount of gain on the Proposed Disposal may be different from the amount described above and would be subject to carrying amounts of net assets of the Ocean Wide Group and the shareholder's loan owed by Ocean Wide to its immediate holding company to be repaid on the date of completion of the Proposed Disposal.

(4) These adjustments represent (i) the reversal of depreciation expense recognised at the consolidation level which is related to a portion of the properties held by the Ocean Wide Group and leased to the Remaining Group; (ii) the reversal of exclusion of fair value gain that is related to the above portion of properties; and (iii) the corresponding adjustment on deferred tax expenses.

(5) The adjustment represents professional expenses directly attributable to the Proposed Disposal which would be recognised in the Remaining Group's consolidated statement of cash flows upon completion of the Proposed Disposal. The adjustment is not expected to have a continuing effect on the Remaining Group.

(6) These amounts are extracted from the consolidated statement of cash flows of the Nigon Group for the year ended 31 March 2018 as set out in the accountants' report of the Nigon Group in Appendix II(B) to the Circular, as if the Proposed Acquisition had taken place on 1 April 2017.

(7) The adjustment represents the disposal of Lead Creation at a consideration of HK$10,000, which represented the nominal amount of issued share capital of Lead Creation, to Mr. Tang Shing Bor, a director of Nigon. As disclosed in the announcement of CNT Group dated 10 September 2018 and the Share Exchange Agreement, the disposal of Lead Creation will be completed before the completion of the Proposed Acquisition. A loss on disposal, as if the disposal had taken place on 1 April 2017, is calculated as:

	HK$'000
Consideration for the disposal of Lead Creation	10
Less: Net assets of Lead Creation as at 1 April 2017	(313)
Loss on disposal of Lead Creation assuming the disposal had taken place on 1 April 2017	(303)

(8) The adjustment represents the de-consolidation of the results of Lead Creation for the year ended 31 March 2018 from the Nigon Group, as if the disposal of Lead Creation had taken place on 1 April 2017.

(9) The amount represents rental income from Lead Creation to Nigon which was previously eliminated upon the preparation of the Nigon Group's consolidated financial statements for the year ended 31 March 2018.

(10) The adjustment represents the reversal of depreciation expense recognised which is related to the hotel property held by Nigon and leased to Lead Creation.

(11) The adjustment represents the payment of the consideration of HK$530 million for the Proposed Acquisition pursuant to the Share Exchange Agreement.

(12) The adjustment represents professional expenses directly attributable to the Proposed Acquisition which would be recognised in the Enlarged Group's consolidated statement of cash flows upon completion of the Proposed Acquisition. The adjustment is not expected to have a continuing effect on the Enlarged Group.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of CNT Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CNT Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2017, and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2017, and related notes as set out on pages 3 to 12 in the Appendix IV to the circular dated 26 March 2019, issued by the Company (the "Circular") (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 1 to 2 in the Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of (i) the proposed disposal of the entire issued share capital of Ocean Wide Assets Limited ("Ocean Wide") and the shareholder's loan owed by Ocean Wide to its immediate holding company (the "Proposed Disposal") and (ii) the proposed acquisition of the entire issued share capital of Nigon Hong Kong Limited ("Nigon") and the shareholder's loan owed by Nigon to its holding company (the "Proposed Acquisition") (collectively, the "Proposed Transactions" which are inter-conditional) on (i) the Group's consolidated financial position as at 31 December 2017 as if the Proposed Disposal had taken place on 31 December 2017 and the Proposed Acquisition had taken place on 30 September 2018 and (ii) the Group's consolidated financial performance and cash flows for the year ended 31 December 2017 as if the Proposed Disposal had taken place on 1 January 2017 and the Proposed Acquisition had taken place on 1 April 2017. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's annual report for the year ended 31 December 2017, on which an auditor's report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

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

Our independence and quality control

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

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have 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 Proposed Transactions on unadjusted financial information of the Group as if the Proposed Transactions had been undertaken at earlier dates selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Transactions 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 Transactions, 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 Transactions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

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

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

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2019

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2018 of the real property contracted to be disposed of by the Group located in Hong Kong.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

26th March 2019

The Directors
CNT Group Limited
Unit E, 28th Floor
CNT Tower
No. 338 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from CNT Group Limited (the ''Company'') for us to value the real property contracted to be disposed of by the Company and/or its subsidiaries (together referred to as the ''Group'') located in Hong Kong. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property as at 31 December 2018 (the ''valuation date'').

BASIS OF VALUATION

Our valuation of the real property has been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors as ''the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion''. The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

In valuation the real property, we adopted the comparison approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales/rental evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the real property and the comparables in terms of location, time, age, floor level, size and other relevant factors.

We have also cross-checked our valuation by making reference to the income approach by taking into account the current rents passing of the constituent units of the real property being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry of Hong Kong. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the real property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the real property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the real property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

The real property was inspected by Ms. Joannau Chan (MRICS) and Ms. Ellen Lo (BSc in Valuation & Estate Management) in August 2017. We have inspected the real property externally and where possible, the interior of the real property. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made. We are, therefore, unable to report that the real property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the real property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the real property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the real property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the real property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK$).

Our summary of value and the valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Note:

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 26 years' experience in valuations of real properties in Hong Kong.

SUMMARY OF VALUE

Real property contracted to be disposed of by the Group in Hong Kong

Real property	**Market Value in existing state as at 31 December 2018** *HK$*
Nos. 7-9 Hong Ting Road, Sai Kung, New Territories, Hong Kong (Lot Nos. 991 and 963 in D.D. 215 and the Extension Thereto)	418,230,000
Total:	**418,230,000**

VALUATION CERTIFICATE

Real property contracted to be disposed of by the Group in Hong Kong

Real property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2018 *HK$*
Nos. 7-9 Hong Ting Road, Sai Kung, New Territories, Hong Kong (Lot Nos. 991 and 963 in D.D. 215 and the Extension Thereto)	The real property comprises two 4-storey industrial buildings completed in between 1988 and 1990 with a total gross floor area ("GFA") of approximately 143,252 sq.ft. Car parking spaces, loading/unloading area are provided on the ground floor level. The total GFA of the two buildings are as follows: **Hong Ting Road** — **GFA** *(sq.ft.)* No. 7 — 90,094 No. 9 — 53,158 **Total:** — **143,252** Lot No. 991 in D.D. 215 of the real property is held under New Grant No. 7294 for a term commencing on 13 April 1989 and expiring on 30 June 2047. Lot No. 963 in D.D. 215 of the real property is held under New Grant No. 6503 for a term of 99 years less the last 3 days commencing on 1 July 1898. The said term has been extended to 30 June 2047 by virtue of the New Territories Leases (Extension) Ordinance 1988 and at an annual Government Rent of 3% of the rateable value of the Lots.	As at the valuation date, portions of the real property with a total GFA of approximately 78,472 sq.ft. are subject to various tenancies with the latest expiry date on 25 November 2020 at a total monthly rent of approximately HK$1,006,906 and a portion of the real property with a GFA of approximately 3,662 sq.ft. is owner-occupied by the Group, whilst the remaining portions of the real property are vacant and available for lease. However, we have been instructed to value the real property on vacant possession basis.	418,230,000

Notes:

1. The real property is situated at Hong Ting Road which is about 5 minutes' driving distance to the Sai Kung city centre and the neigbourhood is a mixture of industrial and residential developments.

2. The registered owner of the real property is Conley Investment Limited, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

3. The real property is subject to the following material encumbrances:

   Re: No. 9 Hong Ting Road (Lot No. 991 in D.D. 215)
   A Mortgage in favour of the Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 18020902580824 dated 2 February 2018.

4. The real property is located within an area zoned "Residential (Group E)1" under Sai Kung Town Outline Zoning Plan No. S/SK-SKT/6 dated 4 June 2013.

5. The real property is subject to the following tenancies:

Hong Ting Road	**Floor**	**GFA Approx.** *(sq.ft.)*	**Term**	**Monthly Rent** *(HK$)*
No. 7	Car parking spaces	N/A	01 Aug 2017 to 31 Dec 2018 01 Jan 2018 to 31 Dec 2018	8,400
	Various portions on G/F – 1/F	7,125	01 Jan 2018 to 31 Dec 2018 01 Jul 2018 to 30 Jun 2019	201,092
	2/F	18,709	01 Jan 2017 to 31 Dec 2018 01 Feb 2017 to 31 Jan 2019 01 Jul 2018 to 30 Jun 2019 01 Sep 2018 to 30 Sep 2018	275,214
	3/F	1,177	01 Sep 2017 to 31 Aug 2018	35,000
	Roof Portions	N/A	01 Nov 2017 to 31 Oct 2020	30,800
No. 9	G/F – 2/F	36,680	01 Jan 2017 to 31 Dec 2019 01 Mar 2018 to 29 Feb 2020	328,600
	3/F	14,781	01 May 2018 to 30 Apr 2021	75,000
	Roof Portions	N/A	26 Nov 2017 to 25 Nov 2020 01 Mar 2016 to 31 Dec 2018	52,800
	Total:	**78,472**		**1,006,906**

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with the valuation of the Sai Kung Property as at 31 July 2018.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

26th March 2019

The Directors
CNT Group Limited
Unit E, 28th Floor
CNT Tower
No. 338 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from CNT Group Limited (the "Company") for us to value the real property contracted to be disposed of by the Company and/or its subsidiaries (together referred to as the "Group") located in Hong Kong. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property as at 31 July 2018 (the "valuation date").

BASIS OF VALUATION

Our valuation of the real property has been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

In valuation the real property, we adopted the comparison approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the real property and the comparables in terms of location, time, age, floor level, size and other relevant factors.

We have also cross-checked our valuation by making reference to the income approach by taking into account the current rents passing of the constituent units of the real property being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry of Hong Kong. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the real property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the real property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the real property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

The real property was inspected by Ms. Joannau Chan (MRICS) and Ms. Ellen Lo (BSc in Valuation & Estate Management) in August 2017. We have inspected the real property externally and where possible, the interior of the real property. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made. We are, therefore, unable to report that the real property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the real property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the real property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the real property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the real property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK$).

Our summary of value and the valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Note:

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 26 years' experience in valuations of real properties in Hong Kong.

SUMMARY OF VALUE

Real property contracted to be disposed of by the Group in Hong Kong

Real property		**Market Value in existing state as at 31 July 2018** *HK$*
Nos. 7-9 Hong Ting Road, Sai Kung, New Territories, Hong Kong (Lot Nos. 991 and 963 in D.D. 215 and the Extension Thereto)		415,000,000
	Total:	**415,000,000**

VALUATION CERTIFICATE

Real property contracted to be disposed of by the Group in Hong Kong

Real property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2018 *HK$*
Nos. 7-9 Hong Ting Road, Sai Kung, New Territories, Hong Kong (Lot Nos. 991 and 963 in D.D. 215 and the Extension Thereto)	The real property comprises two 4-storey industrial buildings completed in between 1988 to 1990 with a total gross floor area ("GFA") of approximately 143,252 sq.ft. Car parking spaces, loading/unloading area are provided on the ground floor level. The total GFA of the respective buildings are as follows: **Hong Ting Road** — **GFA** *(sq.ft.)* No. 7 — 90,094 No. 9 — 53,158 **Total:** — **143,252** Lot No. 991 in D.D. 215 of the real property is held under New Grant No. 7294 for a term commencing on 13 April 1989 and expiring on 30 June 2047. Lot No. 963 in D.D. 215 of the real property is held under New Grant No. 6503 for a term of 99 years less the last 3 days commencing on 1 July 1898. The said term has been extended to 30 June 2047 by virtue of the New Territories Leases (Extension) Ordinance 1988.	As at the valuation date, portions of the real property with a total GFA of approximately 81,302 sq.ft. are subject to various tenancies with the latest expiry date on 25 November 2020 at a total monthly rent of approximately HK$1,006,906, whilst the remaining portions of the real property are vacant and available for lease. However, we have been instructed to value the real property on vacant possession basis.	415,000,000

Notes:

1. The real property is situated at Hong Ting Road which is about 5 minutes' driving distance to the Sai Kung city centre and the neigbourhood is a mixture of industrial and residential developments.

2. The registered owner of the real property is Conley Investment Limited, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

3. The real property is subject to the following material encumbrances:

   Re: No. 9 Hong Ting Road (Lot No. 991 in D.D. 215)
   A Mortgage in favour of the Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 18020902580824 dated 2 February 2018.

4. The real property is located within an area zoned "Residential (Group E)1" under Sai Kung Town Outline Zoning Plan No. S/SK-SKT/6 dated 4 June 2013.

5. The real property is subject to the following tenancies:

Hong Ting Road	**Floor**	**GFA Approx.** *(sq.ft.)*	**Term**	**Monthly Rent** *(HK$)*
No. 7	Car parking spaces	N/A	01 Aug 2017 to 31 Dec 2018 01 Jan 2018 to 31 Dec 2018	8,400
	Various portions on G/F – 1/F	7,125	01 Jan 2018 to 31 Dec 2018 01 Jul 2018 to 30 Jun 2019	201,092
	2/F	19,842	01 Jan 2017 to 31 Dec 2018 01 Feb 2017 to 31 Jan 2019 01 Sep 2017 to 31 Aug 2018 01 Jul 2018 to 30 Jun 2019 01 Jul 2018 to 30 Sep 2018	275,214
	3/F	1,177	01 Sep 2017 to 31 Aug 2018	35,000
	Roof Portions	N/A	01 Nov 2017 to 31 Oct 2020	30,800
No. 9	G/F – 2/F	38,377	01 Jan 2017 to 31 Dec 2019 01 Mar 2018 to 29 Feb 2020	328,600
	3/F	14,781	01 May 2018 to 30 Apr 2021	75,000
	Roof Portions	N/A	26 Nov 2017 to 25 Nov 2020 01 Mar 2016 to 31 Dec 2018	52,800
	Total:	**81,302**		**1,006,906**

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Centaline Surveyors Limited, an independent valuer, in connection with the valuation of the Wan Chai Property as at 31 December 2018:

7/F. Greenwich Centre
260 King's Road
North Point
Hong Kong

26th March 2019

The Board of Directors
CNT GROUP LIMITED
Unit E, 28/F., CNT Tower
No. 338 Hennessy Road
Wan Chai, Hong Kong

Dear Sirs,

VALUATION CERTIFICATE OF WHOLE OF HOTEL BONAPARTE, NO. 11 MORRISON HILL ROAD, WAN CHAI, HONG KONG FOR CNT GROUP LIMITED

We refer to your instruction for us to value the captioned property (hereinafter referred to as the "Property"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31st December, 2018 for public disclosure purposes.

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

Our valuation has been made on the assumptions that the Property is sold in the open market value without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

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

In valuing the Property owned by the Company, we have valued the Property by using Direct Comparison Approach assuming sale of the Property in its existing state by making reference to comparable sales evidence as available in the relevant market.

We have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the information handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are only approximate. No on-site measurement has been taken to verify the correctness of the site area of the Property.

We have inspected the exterior and, where possible, the interior of the Property. However, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delay will be incurred during the construction period. Moreover, no structural survey however has been made, but in the course of our valuation, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards (Edition 2017) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CENTALINE SURVEYORS LIMITED

Pamela W.I. Lam
Chartered Valuation Surveyor
MRICS MHKIS RPS (GP)
Director

Note: Pamela W. I. Lam is a Chartered Surveyor who has over 20 years experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	**Description and tenure**	**Particulars of Occupancy**	**Market Value in existing state as at 31st December, 2018**
Whole of Hotel Bonaparte, No. 11 Morrison Hill Road, Wan Chai, Hong Kong	The Property comprises a site of 1,621 sq.ft. (or about 150.596 sq.m.). A 24-storey hotel building completed in 1998 was erected thereon (“the Existing Building”). According to the information provided in the approved A&A plans approved on 7th August 2006 as obtained from the Buildings Department, the total gross floor area of the Existing Building is about 24,282.72 sq.ft. (or about 2,255.92 sq.m.) and the number of rooms is 80. The Property is held under Government Lease of The Remaining Portion of Inland Lot Nos. 3983 and 3984 for a lease term of 999 years commencing from 18th December 1893.	As informed by the instructing party, the hotel rooms are under operation and the shop on ground floor is tenanted at a monthly rent of HK$40,000.00 until 7th December 2019.	HK$530,000,000.00

Notes:

1) The registered owner of the Property is Nigon Hong Kong Limited (力運香港有限公司).

2) The Property is subject to a Mortgage in favour of United Overseas Bank Limited vide Memorial No. 18062102640323 dated 30th May, 2018.

3) The Property is zoned under the Draft Wan Chai Outline Zoning Plan No. S/H5/28 for “Other Specified Uses” purposes.

4) The inspection was undertaken by Mr. Jack Au Yeung on 31st December, 2018 under the supervision of the Qualified Valuer in accordance with the Valuation Standards and the Listing Rules.

On-site inspections were carried out at the subject building and the surroundings area for the investigation of the physical attributes of the Property and the nature of the locality. The Property was available for our inspection and the internal condition and external condition of the subject building was seen to be reasonably good.

Mr. Jack Au Yeung is currently a valuer of this professional practice and a member in the General Practice Division of The Royal Institution of Chartered Surveyors.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Centaline Surveyors Limited, an independent valuer, in connection with the valuation of the Wan Chai Property as at 31 July 2018:

7/F. Greenwich Centre
260 King's Road
North Point
Hong Kong

26th March 2019

The Board of Directors
CNT GROUP LIMITED
Unit E, 28/F., CNT Tower
No. 338 Hennessy Road
Wan Chai, Hong Kong

Dear Sirs,

VALUATION CERTIFICATE OF WHOLE OF HOTEL BONAPARTE, NO. 11 MORRISON HILL ROAD, WAN CHAI, HONG KONG FOR CNT GROUP LIMITED

We refer to your instruction for us to value the captioned property (hereinafter referred to as the "Property"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31st July, 2018 for public disclosure purposes.

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

Our valuation has been made on the assumptions that the Property is sold in the open market value without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

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

In valuing the Property owned by the Company, we have valued the Property by using Direct Comparison Approach assuming sale of the Property in its existing state by making reference to comparable sales evidence as available in the relevant market.

We have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the information handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are only approximate. No on-site measurement has been taken to verify the correctness of the site area of the Property.

We have inspected the exterior and, where possible, the interior of the Property. However, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delay will be incurred during the construction period. Moreover, no structural survey however has been made, but in the course of our valuation, we did not note any serious defects. We are not, however, able to report whether the Property is free or not, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards (Edition 2017) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CENTALINE SURVEYORS LIMITED

Pamela W.I. Lam
Chartered Valuation Surveyor
MRICS MHKIS RPS (GP)
Director

Note: Pamela W. I. Lam is a Chartered Surveyor who has over 20 years experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	**Description and tenure**	**Particulars of Occupancy**	**Market Value in existing state as at 31st July, 2018**
Whole of Hotel Bonaparte, No. 11 Morrison Hill Road, Wan Chai, Hong Kong	The Property comprises a site of 1,621 sq.ft. (or about 150.596 sq.m.). A 24-storey hotel building completed in 1998 was erected thereon ("the Existing Building"). According to the information provided in the approved A&A plans approved on 7th August 2006 as obtained from the Buildings Department, the total gross floor area of the Existing Building is about 24,282.72 sq.ft. (or about 2,255.92 sq.m.) and the number of rooms is 80. The Property is held under Government Lease of The Remaining Portion of Inland Lot Nos. 3983 and 3984 for a lease term of 999 years commencing from 18th December 1893.	As informed by the instructing party, the hotel rooms are under operation and the shop on ground floor is tenanted at a monthly rent of HK$40,000.00 until 7th December 2019.	HK$530,000,000.00

Notes:

1) The registered owner of the Property is Nigon Hong Kong Limited (力運香港有限公司).

2) The Property is subject to a Mortgage in favour of United Overseas Bank Limited vide Memorial No. 18062102640323 dated 30th May, 2018.

3) The Property is zoned under the Draft Wan Chai Outline Zoning Plan No. S/H5/28 for "Other Specified Uses" purposes.

4) The inspection was undertaken by Mr. Jack Au Yeung on 31st July, 2018 under the supervision of the Qualified Valuer in accordance with the Valuation Standards and the Listing Rules.

   On-site inspections were carried out at the subject building and the surroundings area for the investigation of the physical attributes of the Property and the nature of the locality. The Property was available for our inspection and the internal condition and external condition of the subject building was seen to be reasonably good.

   Mr. Jack Au Yeung is currently a valuer of this professional practice and a member in the General Practice Division of The Royal Institution of Chartered Surveyors.

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) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity	Number of Shares or underlying shares	Percentage of the total number of Shares in issue
Tsui Ho Chuen, Philip	Interest of controlled corporation	498,053,620 (Note)	26.16%

Note: The 498,053,620 Shares were beneficially owned by Prime Surplus Limited. Mr. Tsui Ho Chuen, Philip is the sole director and shareholder of Prime Surplus Limited.

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

(b) Companies which have interests and short positions in Shares and underlying shares of the Company in which any Director or proposed Director is a director or an employee

As at the Latest Practicable Date, 498,053,620 Shares were beneficially owned by Prime Surplus Limited. Mr. Tsui Ho Chuen, Philip, a non-executive Director, is the sole director of Prime Surplus Limited.

As at the Latest Practicable Date, save as disclosed above, none of the companies in which any Director or proposed Director is a director or employee had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Interests of substantial shareholders in Shares and underlying shares

Name of substantial shareholder	Capacity	Number of Shares or underlying shares	Percentage of the total number of Shares in issue
Prime Surplus Limited	Beneficial owner	498,053,620 (Note 1)	26.16%
Ho Mei Po, Mabel	Interest of spouse	498,053,620 (Note 2)	26.16%
Chinaculture.com Limited	Beneficial owner	364,689,655 (Note 3)	19.16%
Chuang's China Investments Limited	Interest of controlled corporation	364,689,655 (Note 3)	19.16%
Profit Stability Investments Limited	Interest of controlled corporations	364,689,655 (Note 3)	19.16%
Chuang's Consortium International Limited	Interest of controlled corporations	364,689,655 (Note 3)	19.16%
Evergain Holdings Limited	Interest of controlled corporations	364,689,655 (Note 3)	19.16%
Chong Shaw Swee, Alan	Interest of controlled corporations	364,689,655 (Note 3)	19.16%
Chong Ho Pik Yu	Interest of spouse	364,689,655 (Note 3)	19.16%

Name of substantial shareholder	Capacity	Number of Shares or underlying shares	Percentage of the total number of Shares in issue
Broadsino Investment Company Limited	Beneficial owner	98,000,000 (Note 4)	5.15%
Rapid Growth Ltd.	Trustee	98,000,000 (Note 5)	5.15%
Polygold Holdings Limited	Interest of controlled corporation	98,000,000 (Note 5)	5.15%
Xie Jian Ming	Interest of controlled corporations	98,000,000 (Note 5)	5.15%

Notes:

1. The 498,053,620 Shares were beneficially owned by Prime Surplus Limited. This interest is duplicated in the interests of Mr. Tsui Ho Chuen, Philip as disclosed in the section headed ''Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures'' above.

2. Ms. Ho Mei Po, Mabel is the wife of Mr. Tsui Ho Chuen, Philip and was taken to be interested in 498,053,620 Shares in which her spouse was interested under the SFO.

3. The references to the 364,689,655 Shares relate to the same block of 364,689,655 Shares beneficially interested by Chinaculture.com Limited.

   Chinaculture.com Limited was a wholly-owned subsidiary of Chuang's China Investments Limited, which in turn was a 60.71% owned subsidiary of Profit Stability Investments Limited. Chuang's Consortium International Limited held 100% equity interest in Profit Stability Investments Limited. Evergain Holdings Limited was interested in 47.25% of the issued share capital of Chuang's Consortium International Limited. Mr. Chong Shaw Swee, Alan was interested in 100% of the issued share capital of Evergain Holdings Limited. Mrs. Chong Ho Pik Yu is the wife of Mr. Chong Shaw Swee, Alan.

   Chuang's China Investments Limited, Profit Stability Investments Limited, Chuang's Consortium International Limited, Evergain Holdings Limited, Mr. Chong Shaw Swee, Alan and Mrs. Chong Ho Pik Yu were all deemed under the SFO to be interested in these 364,689,655 Shares which were owned by Chinaculture.com Limited.

4. These shares were beneficially owned by Broadsino Investment Company Limited. Pursuant to an option granted by Rapid Growth Ltd., Broadsino Investment Company Limited has a right to sell all or part of these shares to Rapid Growth Ltd. exercisable at any time during the term of the option.

5. The references to the interests in 98,000,000 underlying shares of the Company relate to the same block of 98,000,000 underlying shares of the Company interested by Rapid Growth Ltd. by virtue of an option granted by Rapid Growth Ltd. to Broadsino Investment Company Limited as disclosed in note (4) above.

   Rapid Growth Ltd. was a wholly-owned subsidiary of Polygold Holdings Limited, which in turn was wholly owned by Mr. Xie Jian Ming.

   Polygold Holdings Limited and Mr. Xie Jian Ming were all deemed under the SFO to be interested in these 98,000,000 underlying shares of the Company which were taken to be interested by Rapid Growth Ltd.

As at the Latest Practicable Date, save as disclosed above, the Directors and the chief executive of the Company were not aware of any other persons other than a Director or chief executive of the Company, who had interests or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

3. MATERIAL CONTRACTS

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

(i) the conditional deed of indemnity dated 9 June 2017 entered into by the Company in favour of CPM Group and its subsidiaries in respect of, among other matters, Hong Kong estate duty, Hong Kong profits tax and any payment made or required to be made by any member of CPM Group and its subsidiaries, any non-compliance with any applicable laws and regulation of CPM Group and its subsidiaries and any litigation, arbitration or claim of material importance against CPM Group and its subsidiaries;

(ii) the underwriting agreement dated 16 June 2017 relating to the Hong Kong public offering of CPM Group entered into among, the Company, CNT Enterprises Limited, CPM Group, the executive directors of CPM Group, Innovax Capital Limited, Innovax Securities Limited, Sinolink Securities (Hong Kong) Company Limited, Gransing Securities Co., Limited, China Finance KAB Limited, ZMF Asset Management Limited, Guotai Junan Securities (Hong Kong) Limited, Pacific Foundation Securities Limited, RHB Securities Hong Kong Limited and Long Asia Securities Limited;

(iii) the international underwriting agreement dated 26 June 2017 relating to the international offering of CPM Group entered into among, the Company, CNT Enterprises Limited, CPM Group, the executive directors of CPM Group, Innovax Capital Limited, Innovax Securities Limited, Sinolink Securities (Hong Kong) Company Limited, Gransing Securities Co., Limited, China Finance KAB Limited, ZMF Asset Management Limited, Guotai Junan Securities (Hong Kong) Limited, Pacific Foundation Securities Limited, RHB Securities Hong Kong Limited and Long Asia Securities Limited;

(iv) the price determination agreement dated 26 June 2017 entered into between CPM Group on the one hand and Innovax Securities Limited and Sinolink Securities (Hong Kong) Company Limited (for themselves and on behalf of the other underwriters in the global offering of CPM Group) on the other hand for the determination of the offer price of such global offering;

(v) the sale and purchase agreement dated 7 May 2018 entered into between Top Dreamer Limited (an indirect non-wholly owned subsidiary of the Company) as the purchaser and Wong Fan Cheong as the vendor in respect of the acquisition of the entire equity interest in

China Molybdenum & Vanadium Development Limited (中國鉬業有限公司), a company incorporated in Hong Kong with limited liability on 9 May 2007 for a consideration of RMB83 million;

(vi) the Share Exchange Agreement; and

(vii) the Supplemental Deed.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

The Company has been named as a nominal defendant in a derivative action initiated by Chinaculture.com Limited, a substantial shareholder of the Company, against certain Directors and the Company. Details of the derivative action are set forth in the announcements of the Company dated 22 June 2017, 25 June 2017, 30 June 2017, 7 July 2017, 19 September 2017, 16 November 2017, 28 November 2017, 13 December 2017 and 10 January 2018 respectively. Save as disclosed above, none of the member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

6. COMPETING INTERESTS OF DIRECTORS AND THEIR ASSOCIATES

Mr. Hung Ting Ho, Richard, a non-executive Director, holds directorship in Chuang's Consortium International Limited, a company listed on the Stock Exchange, and directorships in certain private companies (the "**Private Companies**"). Chuang's Consortium International Limited and the Private Companies engage in the businesses of property development and investment in Hong Kong and the PRC. As the above-mentioned businesses are managed by separate companies with independent management and the properties owned by Chuang's Consortium International Limited and the Private Companies are of different types and/or in different locations from those of the Group, the Group is capable of operating its businesses independently of, and at arm's length from, the businesses of the above-mentioned companies.

As at the Latest Practicable Date, saved as disclosed above, none of the Directors or any of their respective associates has any interest in business which competes or are likely to compete, either directly or indirectly, with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

7. EXPERTS

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

Name	Qualification
Ernst & Young	Certified Public Accountants
BMI Appraisals Limited	Independent professional valuer
Centaline Surveyors Limited	Independent professional valuer

As at the Latest Practicable Date, each of the experts named above did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, each of the above experts was not interested beneficially or non-beneficially in any Shares or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and/or reference to its name in the form and context in which it respectively appears.

8. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Remaining Group.

(b) As at the Latest Practicable Date, no Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal office is at Unit E, 28th Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong.

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

(e) The company secretary of the Company is Ms. Fok Pik Yi, Carol, who is a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

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

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal office of the Company in Hong Kong at Unit E, 28th Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong during normal business hours on any business day for a period of 14 days from the date of this circular:

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

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(c) the written consents of experts referred to in the paragraph headed "Experts" in this Appendix;

(d) the financial information of the Ocean Wide Group, the text of which is set out in Appendix II(A) to this circular;

(e) the accountants' report of the Nigon Group, the text of which is set out in Appendix II(B) to this circular;

(f) the unaudited pro forma financial information of the Remaining Group and the Enlarged Group and the Comfort Letter from Ernst & Young on pro forma financial information, the text of which is set out in Appendix IV to this circular;

(g) the valuation reports on the Sai Kung Property, the text of which is set out in Appendix V(A) to this circular;

(h) the valuation reports on the Wan Chai Property, the text of which is set out in Appendix V(B) to this circular;

(i) the annual reports of the Company for each of the two financial years ended 31 December 2016 and 31 December 2017; and

(j) this circular.

CNT GROUP LIMITED
北海集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 701)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Special General Meeting**") of CNT Group Limited (the "**Company**") will be held at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong on Thursday, 9 May 2019 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT:**

(a) the conditional share exchange agreement dated 8 September 2018 (the "**Share Exchange Agreement**") and entered into between Tatpo Corporation Limited ("**Tatpo**"), Jetco (H.K.) Limited ("**Jetco**") and Mr. Tang Shing Bor (a copy of which has been produced to the Special General Meeting and marked "A" and initialled by the chairman of the Special General Meeting for the purpose of identification) (as amended and supplemented by the supplemental deed dated 20 March 2019 (the "**Supplemental Deed**"), a copy of which has been produced to the Special General Meeting and marked "B" and initialled by the chairman of the Special General Meeting for the purpose of identification) in relation to, among other things, the disposal by Tatpo of the entire issued share capital of Ocean Wide Assets Limited ("**Ocean Wide**") and the entire amount of shareholder's loan owed by Ocean Wide to Tatpo as at the date of completion at an aggregate consideration of HK$900 million which will be satisfied (i) as to HK$370 million (subject to adjustment in accordance with the terms and conditions of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) by cash to be paid to Tatpo; and (ii) as to HK$530 million by the entire issued share capital of Nigon Hong Kong Limited ("**Nigon**") and the entire amount of shareholder's loan owed by Nigon to Jetco as at the date of completion to be transferred by Jetco to Tatpo (or its nominee) under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) be and are hereby approved, ratified and confirmed; and

(b) any one or more director(s) of the Company (the "**Director(s)**") be and is/are hereby authorised for and on behalf of the Company to execute all such documents (including under seal, where applicable), to do all other acts and things deemed by him/them to be incidental to, ancillary to or in connection with the matter contemplated in and completion of the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), and take such action as may in the opinion of the Director(s) be necessary, desirable or expedient to implement and give effect to or in connection with the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed) and any other transactions contemplated under the Share Exchange Agreement (as amended and supplemented by the Supplemental Deed), and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof) as is/are, in the opinion of such Director(s) or the duly authorised committee of the board of Directors, in the interest of the Company and its shareholders as a whole."

By order of the Board
CNT Group Limited
Fok Pik Yi, Carol
Company Secretary

Hong Kong, 26 March 2019

Notes:

1. Any member entitled to attend and vote at the Special General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.

2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority shall be delivered to the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Special General Meeting at which the person named in the instrument proposes to vote or any adjourned thereof (as the case may be).

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Special General Meeting or any adjournment thereof, should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.

4. The register of members of the Company will be closed from Monday, 6 May 2019 to Thursday, 9 May 2019, both days inclusive, during the period no transfer of shares will be effected. In order to be entitled to attend and vote at the Special General Meeting, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 3 May 2019.

5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.