THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tempus Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

TEMPUS HOLDINGS LIMITED

騰 邦 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6880)

MAJOR ACQUISITION IN RELATION TO ACQUISITION OF THE SALE SHARES AND THE SALE LOANS

This circular is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company.

2 December 2016

CONTENTS

Page

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

"Acquisition"	the sale and purchase of the Sale Shares and the Sale Loans pursuant to the Sale and Purchase Agreement
"Additional Carpark"	the Carpark Space No. P12 on 2nd Floor of King Kong Commercial Center (京光商業中心) at No.9 Des Voeux Road West, Hong Kong, which is legally and beneficially owned by KK V and subject to Property Mortgage
"Announcement"	the announcement of the Company dated 20 October 2016 in respect of the Acquisition
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	Tempus Holdings Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares and assignment of the Sale Loans
"Conditions Precedent"	the conditions precedent for Completion as set out under the Sale and Purchase Agreement
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	Tempus Holdings (Hong Kong) Limited
"CPO"	Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong)
"Debenture"	the Debenture dated l7 December 2015 executed by, inter alia, KK VII and KK VIII respectively as chargor creating a fixed charge and floating charge over the present and future assets of KK VII and KK VIII respectively in favour of the Lender
"Director(s)"	the director(s) of the Company
"Encumbrances"	any security interest, pledge, mortgage, lien, charge, limitation, condition, equitable interest, option, easement, encroachment, right of first refusal or similar adverse claim or restriction, including any restriction on transfer or other assignment, as security or otherwise, of or relating to use, quiet enjoyment, voting, receipt of income or exercise of any other attribute of ownership

"Enlarged Group"	the Group and the Target Companies upon Completion
"Group"	the Company and its subsidiaries
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HIBOR"	Hong Kong Interbank offered Rates
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), that are third parties independent of the Group and its connected persons in accordance with the Listing Rules
"KK V"	KK V (BVI) Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Vendor
"KK VII"	KK VII (BVI) Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Vendor
"KK VIII"	KK VIII (BVI) Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Vendor
"Latest Practicable Date"	30 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Lender"	United Overseas Bank Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Material Adverse Effect"	any event, circumstance, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, financial condition, management, properties, assets or liabilities of any of KK VII or KK VIII
"Property 1"	28th Floor and the Carpark Space No.P22 on 2nd Floor of King Kong Commercial Center (京光商業中心)" at No.9 Des Voeux Road West, Hong Kong
"Property 2"	29th Floor and the Flat Roof (above 29th Floor) of King Kong Commercial Center (京光商業中心)" at No.9 Des Voeux Road West, Hong Kong

"Property Mortgage"	the property mortgage dated 17 December 2015 registered in the Land Registry by Memorial No.16011102110531 executed in favour of the Lender
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Purchaser"	Tempus (BVI) Properties Investment Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"Sale and Purchase Agreement"	the Sale and Purchase Agreement dated 20 October 2016 entered into between the Vendor and the Purchaser in relation to the Acquisition
"Sale Loans"	(1)the unsecured and interest free shareholder's loan with no fixed term of repayment advanced by the Vendor to KK VII, and (2) the unsecured and interest free shareholder 's loan with no fixed term of repayment advance by the Vendor to KK VIII
"Sale Shares"	100 ordinary shares in each of KK VII and KK VIII, which represent the entire issued share capital of KK VII and KK VIII respectively
"Securities"	collectively, the Debenture, Subordination Agreement and the Share Mortgage
"Share Mortgage"	the Equitable Share Mortgage dated 16 December 2015 executed by the Vendor in favour of the Lender creating an equitable share mortgage over, inter alia, the Sale Shares
"Share(s)"	ordinary share of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subordination Agreement"	the Subordination Agreement dated 16 December 2015 executed by, inter alia, KK VII and KK VIII respectively as subordinated creditors subordinating the indebtedness owing by the Borrowers (as defined therein) to them in favour of the Lender
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Target Companies"	KK VII and KK VIII

"Target Properties"	Property 1 and Property 2
"Tempus Holdings (Hong Kong) Limited"	Tempus Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with its registered office at 26/F., Pacific Plaza, 410 Des Voeux Road West, Hong Kong;
"US$"	United States dollars, the lawful currency of the United States of America
"Valuer"	APAC Asset Valuation and Consulting Limited, an independent professional valuer
"Vendor"	AG Acquisition W (BVI) Limited, a company incorporated in British Virgin Islands with limited liability
"Working Day"	means a day on which banks are open for business in Hong Kong other than (a) a general holiday as defined in the General Holidays Ordinance (Cap 149 of the Laws of Hong Kong); (b) a Saturday and (c) any day on which typhoon signal No.8 or above is hoisted or the black rainstorm warning signal is issued during the period from 9:00 a.m. to 5:00 p.m. on any weekday in Hong Kong
"%"	per cent.

* *All the English translation of certain Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

TEMPUS HOLDINGS LIMITED
騰邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6880)

Executive Directors:
Mr. Li Dongming
Mr. Huang Jingkai
Mr. Yip Chee Lai, Charlie

Non-executive Directors:
Mr. Zhong Baisheng
Ms. Zhang Yan

Independent non-executive Directors:
Mr. Han Biao
Mr. Wong Lit Chor, Alexis
Mr. Li Qi

Registered office:
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Cayman Islands

Principal Place of Business in Hong Kong:
26th Floor, Pacific Plaza
410 Des Voeux Road West
Hong Kong

2 December 2016

To the Shareholders

Dear Sir or Madam,

MAJOR ACQUISITION IN RELATION TO ACQUISITION OF THE SALE SHARES AND THE SALE LOANS

INTRODUCTION

Reference is made to the Announcement in relation to the Acquisition. On 20 October 2016, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agrees to sell and assign, and the Purchaser agrees to purchase and accept the Sale Shares and the benefit of the Sale Loans.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but below 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

The purpose of this circular is to provide you with, among other things, (i) further information in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder; (ii) a valuation report on the Target Properties; (iii) financial information of the Target Companies; and (iv) other information as required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

20 October 2016 (after the trading hours)

Parties

(1) Purchaser: TEMPUS (BVI) PROPERTIES INVESTMENT LIMITED, a wholly owned subsidiary of the Company

(2) Vendor: AG ACQUISITION W (BVI) LIMITED

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons and no Shareholder has a material interest in the Acquisition. As such, no Shareholder is required to abstain from voting for the resolution to approve the Sale and Purchase Agreement and the transaction contemplated thereunder should the Sale and Purchase Agreement be put forward to the Shareholders for approval at a general meeting.

Subject Matter

Pursuant to the Sale and Purchase Agreement, Vendor agrees to sell and assign, and the Purchaser agrees to purchase and accept the Sale Shares and the benefit of the Sale Loans.

KK VII is the legal and beneficial owner of Property 1, and KK VIII is the legal and beneficial owner of Property 2. The carpark space No. P22 of Property 1 (the "**Licensed Carpark**") is currently licensed out by the Vendor to a licensee which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is Independent Third Party. Except for the Licensed Carpark, vacant possession of the Property 1 and Property 2 will be delivered to the Purchaser upon Completion.

Property 1 and Property 2 (including the Additional Carpark) are valued at HK$109,300,000 and HK$115,100,000 respectively, as at 30 September 2016 by the Valuer. A valuation report of the Property 1 and Property 2 prepared by the Valuer is contained as Appendix VI of this circular.

The Vendor will also procure KK V (wholly owned by the Vendor), which is the legal and beneficial owner of the Additional Carpark, to sell the Additional Carpark to KK VIII upon the terms and conditions as set out in the Sale and Purchase Agreement.

Consideration and payment terms

The purchase price shall be settled in cash and calculated in the following manner:-

The purchase price of the Sale Shares and the Sale Loans (**"Pre-adjusted Purchase Price"**) shall be HK$245,832,000, of which (i) HK$120,668,000 shall be allocated to the purchase price of KK VII Sale Shares and KK VII Sale Loan, and (ii) HK$122,664,000 shall be allocated to the purchase price of KK VIII Sale Shares and KK VIII Sale Loan, and (iii) an amount equivalent to HK$2,500,000 shall be treated as the Purchaser's advance to KK VIII for purchase of the Additional Carpark from KK V (**"Purchaser's Advance"**), and the Pre-adjusted Purchase Price shall be adjusted by:

(a) adding thereto an amount equal to the value of all the current assets of the KK VII and KK VIII respectively as at the Completion Date (for the avoidance of doubt, excluding Property 1 and Property 2); and

(b) deducting therefrom an amount equal to the value of all the liabilities of the KK VII and KK VIII respectively as at the Completion Date (other than the Sale Loans, the Redemption Money (as defined below) and for the avoidance of doubt, the Purchaser's Advance).

The Pre-adjusted Purchase Price as adjusted above is hereinafter called the **"Purchase Price".**

The Purchase Price shall be paid by the Purchaser in the following manner:-

(i) an initial deposit of HK$24,583,200 (**"Deposit"**) being 10% of the Pre-adjusted Purchase Price, has been paid to the Vendor's Solicitors as stakeholder upon the execution of the Sale and Purchase Agreement;

(ii) a further deposit in the sum of HK$24,583,200 (**"Part Payment"**) being another 10% of the Pre-adjusted Purchase Price, shall be paid to the Vendor's solicitors as stakeholder on or before 3 November 2016; and

(iii) the balance of the Purchase Price (after deduction of the Deposit and the Part Payment) subject to adjustments (the resulting balance being referred to as **"Balance of Purchase Price"**) shall be paid to the Vendor upon Completion. For the Balance of Purchase Price, the Vendor shall be entitled by giving a prior written notice of not less than three (3) Working Days requiring the Purchaser to split part of the payment towards repayment to the Lender so as to obtain a release or partial release of the Properties and the Additional Carpark from the Property Mortgage (**"Redemption Money"**).

The Consideration has been determined after arm's length negotiations between the parties by reference to (i) the prevailing market price; and (ii) the preliminary value of the Target Properties appraised by the Valuer.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Conditions precedent

Completion is subject to and conditional upon the Purchaser's satisfaction of the following Conditions Precedent unless specifically waived by the Purchaser in writing:-

(a) the passing of resolution(s) by the shareholders at an extraordinary general meeting of the Company in accordance with the Listing Rules approving the Sale and Purchase Agreement and the transactions contemplated hereunder (if required);

(b) KK V has completed the sale of the Additional Carpark to KK VIII at a consideration of HK$2,500,000 pursuant to the Additional Carpark Agreement (as defined below) and the Additional Carpark Assignment (as defined below) respectively, both of which are duly executed by KK V (as vendor) and KK VIII (as purchaser);

(c) the warranties given by the Vendor remaining true and accurate in all material respects and not misleading on Completion;

(d) subject to the release/partial release of the Securities (insofar as relating to the subject matters under the Sale and Purchase Agreement) which the Vendor undertakes to do so on or before the Completion, the Vendor has good title to the Sale Shares and the Sale Loans free from all Encumbrances;

(e) the Sale Loans are due and owing from the KK VII and KK VIII respectively to the Vendor, and subject to the release/partial release of the Securities (insofar as relating to the subject matters under the Sale and Purchase Agreement) which the Vendor undertake to do so on or before the Completion, free from all Encumbrances;

(f) subject to the release/partial release of the Securities (insofar as relating to the subject matters under the Sale and Purchase Agreement) which the Vendor undertakes to do so on or before the Completion, the entire share capital of KK VII and KK VIII respectively is legally and beneficially owned by the Vendor free from all Encumbrances;

(g) subject to the release of the Property Mortgage (which the Vendor undertakes to fully discharge to that extent) on or before Completion, KK VII is the sole registered and beneficial owner of Property 1 and it also has a good title to Property 1 in accordance with Section 13 of the CPO free from all Encumbrances;

(h) subject to the release of the Property Mortgage (which the Vendor undertakes to fully discharge to that extent) on or before Completion, KK VIII is the sole registered and beneficial owner of Property 2 and it also has a good title to Property 2 in accordance with Section 13 of the CPO free from all Encumbrances;

(i) immediately before the assignment of the Additional Carpark by KK V to KK VIII and subject to the release of the Property Mortgage (which the Vendor undertakes to fully discharge to that extent) on or before Completion, KK V is the sole registered and beneficial owner of the Additional Carpark and it also has a good title to the Additional Carpark in accordance with Section 13 of the CPO free from all Encumbrances. Upon completion of the assignment of the Additional Carpark as aforesaid and release of the Property Mortgage at or before Completion, KK VIII will have acquired a good title to the Additional Carpark in accordance with Section 13 of the CPO free from all Encumbrances; and

(j) the Vendor has shown and proved that each of KK VII and KK VIII has a good title to the respective Property in accordance with Section 13 of the CPO free from all Encumbrances, and is able to give vacant possession of (i) those parts of the Property 1 and Property 2 which are not subject to any tenancies/licences; and (ii) the Additional Carpark, all of which are to be delivered to the Purchaser on Completion. It is an essential term of the Sale and Purchase Agreement that the Vendor shall procure that the said vacant possession shall be delivered to the Purchaser (or the Purchaser Nominee(s), as the case may be) on Completion.

As at the Latest Practicable Date, the Purchase has no intention to waive any of the Condition Precedents. Completion shall take place upon fulfillment of the Conditions Precedent and on or before 15 December 2016. If any of the Conditions is not fulfilled or waived by the Purchaser on or before Completion, the Purchaser shall have the right to defer Completion to a day not more than 28 days after the Completion Date (defined below).

Purchaser's Right of Nomination

The Purchaser shall have the right to nominate Tempus Holdings (Hong Kong) Limited to become the nominee (**"Purchaser Nominee"**) to take its place to complete the transaction in accordance with the terms of the Sale and Purchase Agreement, subject to the Purchaser having served a written notice on the Vendor no later than ten (10) days before the Completion Date (of which time shall be of the essence) (**"Re-nomination Deadline"**) on account of its difficulties in complying with the requirements of the Stock Exchange.

If the Purchaser shall have exercised the Purchaser 's Right of Nomination by the Re-nomination Deadline, all references to the "Purchaser" in the Sale and Purchase Agreement shall be construed to refer to the "Purchaser Nominee" (unless the context does not permit), and all the rights and obligations of the Purchaser shall then be assumed by the Purchaser Nominee (provided that the Purchaser Nominee shall refund in full to the Purchaser all sums that have been paid by the Purchaser to the Vendor under the Sale and Purchase Agreement).

Completion

Subject to the fulfillment or waiver (as the case may be) of all the above Conditions Precedent, Completion shall take place at or before 1:00pm on a Working Day on or before 15 December 2016 (**"Completion Date"**).

Simultaneously upon Completion, the Vendor shall procure KK V (as vendor) and KK VIII (as purchaser) to enter into a memorandum of sale and purchase (**"Additional Carpark Agreement"**) and an assignment of the Additional Carpark (**"Additional Carpark Assignment"**), both dated the Completion Date with the parties agreeing to the sale and purchase of the Additional Carpark at a consideration equivalent to the Purchaser's Advance and with completion falling on the Completion Date, provided that the Vendor shall be fully responsible for all stamp duties arising from or relating to the transfer of the Additional Carpark from KK V to KK VIII, and the Purchaser shall under no circumstances be liable in respect thereof.

REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor irrevocably made, *inter alia*, the following representations and warranties to the Purchaser under the Sale and Purchase Agreement:

(A) the Vendor is the legal and beneficial owner of the Sale Shares and Sale loans, and the Target Companies are the legal and beneficial owner of the Target Properties;

(B) the Sale Shares, Sale Loan and the Target Properties are free from encumbrances;

(C) Each of the Target Companies has been duly incorporated and constituted and is legally subsisting under the laws of its place of incorporation and there has been no resolution, petition, threatened petition or order for the winding-up of each Company and no receiver has been appointed in respect thereof or any part of the assets thereof;

(D) The Audited Accounts give a true and fair view of the state of affairs and financial position of each Company at the Accounts Date thereof and of the Company's results for the financial period ended on such date; and are not affected by any unusual or non-recurring items which are not disclosed as such in the Audited Accounts;

(E) As at the Account Date, save and except as disclosed in the Audited Accounts, no debts or any contingent liabilities are owed by each Company to any third party or the Vendor; and

(F) Each of the Target Companies has not employed any employee(s).

INFORMATION OF THE COMPANY, THE TARGET COMPANY, AND THE PARTIES

The Company

The Company is an investment holding company and the holding company of the Group. The Group is principally engaged in development and sales of health and wellness products and cross-border trading business.

The Vendor

The Vendor is a company incorporated in the British Virgin Islands and its principal activity is investment holding.

The Target Companies

KK VII and KK VIII are investment holding companies incorporated in the British Virgin Islands and their principal assets are Property 1 and Property 2 respectively. The Licensed Carpark of Property 1 is currently licensed to an Independent Third Party at the license fee of HK$5,000 per month for one year from 1 July 2016 to 30 June 2017 (both days inclusive).

Financial Information of the Target Companies

Set below is the financial information of KK VII and KK VIII for the period from their date of incorporation (i.e. 21 October 2015) to 31 December 2015 and the eight months ended 31 August 2016:

KK VII	**For the period from date of incorporation to 31 December 2015**	**For the eight months ended 31 August 2016**
	(audited)	(audited)
	HK$'000	*HK$'000*
Turnover	2	33
Profit before taxation	19,667	7,030
Profit after taxation	19,667	7,030

KK VIII	**For the period from date of incorporation to 31 December 2015**	**For the eight months ended 31 August 2016**
	(audited)	(audited)
	HK$'000	*HK$'000*
Turnover	—	—
Profit before taxation	15,852	8,795
Profit after taxation	15,852	8,795

The audited net assets of KK VII and KK VIII are approximately HK$34,421,000 and HK$33,274,000 respectively as at 31 August 2016.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon Completion of the Acquisition, the Target Companies will become an indirectly wholly owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Companies will be consolidated into the accounts of the Group.

Assets and liabilities

As at 30 June 2016, the latest published unaudited consolidated total assets and liabilities of the Group amounted to approximately HK$499,421,000 and HK$77,792,000 respectively. Assuming Completion took place on 30 June 2016, the unaudited pro forma consolidated total assets and liabilities of the Enlarged Group would have increased to approximately HK$499,597,000 and HK$77,968,000 respectively as a result of the Acquisition.

Earnings

The Target Companies do not have business operation expect the leasing of the Licensed Carpark as their principle business is investment holding. The profits of the Target Companies for the Relevant Period were mainly attributable to the gain from fair value change of their investment properties. The Board is of the view that except the additional depreciation expense the Acquisition will not have any immediate material impact on the earnings of the Group.

Further details of the financial effect of the Acquisition together with the bases in preparing the unaudited pro forma financial information are set out in Appendix VII to this circular.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group currently leases a commercial property as its headquarters in Hong Kong. In order to cope with the Group's rapid and diversified development and increased headcount, the Group has been exploring appropriate office premises as its new headquarters. As compared to the existing office premises, the Target Properties are situated at a better location with larger area and supplementary facilities such as carpark space and exclusive right to use the flat roof of the building. The Group intends to hold the Target Properties for self-use as its new headquarters in Hong Kong. The Directors believe that, in the long run, the Acquisition can save the rental expenses, facilitate stable and decent working environment for staffs, broaden the asset base of the Group, and provide capital appreciation opportunity to the Group and therefore is in the interests of the Company and its Shareholders as a whole. Although the Pre-adjusted Purchase Price is approximately 9% higher than the valued amount of the Property 1 and Property 2, the Directors are of the view that Pre-adjusted Purchase Price is reasonable taking into account the potential increase in the property market in Hong Kong.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATION OF THE TRANSACTION

The applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Sale and Purchase Agreement and the transaction contemplated thereunder may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting in the event that a general meeting is convened for the approval of the transaction; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Sale and Purchase Agreement and the transaction contemplated thereunder.

To the best of the Directors knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons and no Shareholder has a material interest in the Sale and Purchase Agreement. As such, no Shareholder is required to abstain from voting for the resolution to approve the Sale and Purchase Agreement and the transaction contemplated thereunder should the sale and Purchase Agreement be put forward to the Shareholders for approval at a general meeting.

The Company has obtained a written approval to the Acquisition from the Controlling Shareholder, which is beneficially interested in an aggregate of 231,994,800 Shares, representing approximately 66.3% of the entire issued share capital of the Company as at the Latest Practicable Date. As (i) no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisition; and (ii) the said written approval by the Controlling Shareholder has been obtained, no extraordinary general meeting will be convened for the purpose of approving the Acquisition pursuant to Rule 14.44 of the Listing Rules.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Tempus Holdings Limited
Zhong Baisheng
Chairman

1. THREE YEAR FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2013, the year ended 31 December 2014 and the year ended 31 December 2015 are disclosed in the annual results announcements of the Company ended with the same periods respectively, which are published on both the website of the Stock Exchange (www.hkexnews.hk) and the Company's website.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding indebtedness of approximately HK$92.2 million, consisting of guaranteed bank loans of approximately HK$0.3 million and obligations under finance leases of approximately HK$91.1 million.

All bank loans and obligations under finance leases were secured by the Enlarged Group's properties, motor vehicles, securities, bank balances or account receivables.

In addition, the Enlarged Group had no contingent liabilities as at 30 September 2016.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Enlarged Group did not have any outstanding mortgages, charges, debts securities issued and outstanding or authorised or otherwise created but unissued or other similar borrowings or indebtedness in the nature of borrowings including bank overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, any guarantees or other material contingent liabilities as at the close of business on 30 September 2016.

3. WORKING CAPITAL STATEMENT

Taking into account the expected completion of the Sale and Purchase Agreement and the financial resources available to the Enlarged Group, including internally generated funds and available banking facilities, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements in absence of unforeseen circumstances, that is for at least 12 months following the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Following completion of the Acquisition, the Enlarged Group will continue to be principally engaged in the health and wellness business and cross-border trading business. Group is currently in the process of strategic transformation from a traditional health and wellness products developer and seller to a diversified corporation. It is expected that the Group's short term performance will be affected by certain prevailing macro factors, such as the slowdown of China's economic growth and continuous weakening of retail market in Hong Kong. Given the tougher peripheral factors abovementioned, the Group will strive for further business growth through (i) merger and acquisition in health and wellness and cross-border business sectors; and (ii) breakthrough in internet sales and corporate sales channels in the Mainland China.

Deloitte. 德勤

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Deloitte Touche Tohmatsu
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88 Queensway
Hong Kong

2 December 2016

The Directors
Tempus Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to KK VII (BVI) Limited ("KK VII") for each of the period from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months ended 31 August 2016 (the "Relevant Periods"), for inclusion in the circular of Tempus Holdings Limited (the "Company") dated 2 December 2016 (the "Circular") in connection with the proposed acquisition of all the issued shares of KK VII by the Company.

KK VII was incorporated in the British Virgin Islands ("BVI") on 21 October 2015 as a limited liability company and is principally engaged in property investment.

KK VII has adopted 31 December as its financial year end date, and the financial statements of KK VII for the period from 21 October 2015 (date of incorporation) to 31 December 2015 was audited by PricewaterhouseCoopers.

The financial statements of KK VII for the period from 21 October 2015 (date of incorporation) to 31 December 2015 were prepared in accordance with International Financial Reporting Standards issued by International Accounting Standards Board.

For the purpose of this report, the directors of KK VII have prepared the financial statements of KK VII for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA") (thereinafter referred to as the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We also examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of KK VII for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to the Underlying Financial Statements in preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of KK VII who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the KK VII at 31 December 2015 and 31 August 2016, and of the financial performance and cash flows of the KK VII for the Relevant Periods.

A. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**21 October 2015 (date of incorporation) to 31 December 2015**	**Eight months ended 31 August 2016**
		HK$'000	*HK$'000*
Revenue	7	2	33
Cost of properties management		(27)	(291)
Gross loss		(25)	(258)
Administrative expenses		(39)	(186)
Change in fair value of investment properties	13	19,857	10,300
Change in fair value of derivative financial instrument		(69)	(11)
Finance costs	9	(57)	(2,815)
Profit before taxation	10	19,667	7,030
Income tax expense	11	—	—
Profit and total comprehensive income for the period		19,667	7,030

STATEMENTS OF FINANCIAL POSITION

	Notes	**At 31 December 2015** *HK$'000*	**At 31 August 2016** *HK$'000*
Non-current asset			
Investment properties	13	99,000	109,300
Current assets			
Trade receivables and deposits		2	33
Derivative financial instrument	14	12	1
Pledged bank deposits	15	378	379
		392	413
Current liability			
Accrued expenses		1,015	33
Net current (liabilities) assets		(623)	380
Total assets less current liabilities		98,377	109,680
Capital and reserves			
Share capital	16	1	1
Reserves		27,033	34,420
		27,034	34,421
Non-current liabilities			
Bank borrowing	17	38,608	38,941
Amount due to immediate holding company	18	32,735	36,318
		71,343	75,259
		98,377	109,680

STATEMENTS OF CHANGES IN EQUITY

	Share capital	**Other reserve**	**Retained profits**	**Total**
	HK\$'000	*HK\$'000* *(Note)*	*HK\$'000*	*HK\$'000*
Issuance of shares at 21 October 2015 (date of incorporation)	1	—	—	1
Fair value adjustment of amount due to immediate holding company	—	7,366	—	7,366
Profit and total comprehensive income for the period	—	—	19,667	19,667
At 31 December 2015	1	7,366	19,667	27,034
Fair value adjustment of amount due to immediate holding company	—	357	—	357
Profit and total comprehensive income for the period	—	—	7,030	7,030
At 31 August 2016	1	7,723	26,697	34,421

Note: Other reserve represents the fair value adjustment of amount due to immediate holding company classified under non-current liabilities at initial recognition.

STATEMENTS OF CASH FLOWS

	21 October 2015 (date of incorporation) to 31 December 2015	Eight months ended 31 August 2016
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	19,667	7,030
Adjustments for:		
Finance costs	57	2,815
Change in fair value of investment properties	(19,857)	(10,300)
Change in fair value of derivative financial instrument	69	11
Operating cash flows before movements in working capital	(64)	(444)
Increase in trade receivables and deposits	(2)	(31)
Increase (decrease) in accrued expenses	73	(649)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	7	(1,124)
CASH USED IN INVESTING ACTIVITY		
Additions to investment properties	(79,143)	—
FINANCING ACTIVITIES		
Issuance of shares	1	—
Advance from immediate holding company	40,044	1,125
Bank borrowing raised	39,550	—
Purchase of derivative financial instrument	(81)	—
NET CASH FROM FINANCING ACTIVITIES	79,514	1,125
NET INCREASE IN CASH AND CASH EQUIVALENTS	378	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	—	378
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	378	379

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

KK VII is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

KK VII is principally engaged in property investment in Hong Kong.

AG Acquisition W (BVI) Limited, a limited liability company incorporated in the British Virgin Islands, is the immediate holding company of KK VII.

The ultimate beneficiary owners of KK VII are the beneficiaries of Asia Realty Fund III (SO), L.P., AG Asia Realty Fund III, L.P., AG Realty Fund IX (A), L.P., AG Realty IX Investments, L.P. and AG Realty IX Investments (H-2) L.P..

The Financial Information is presented in Hong Kong dollars ("HK$"), which is also the functional currency of KK VII.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, KK VII has consistently applied all HKFRSs issued by the HKICPA that are effective for the KK VII's accounting periods beginning on 1 January 2016 throughout the Relevant Periods.

KK VII has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

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

2 Effective for annual periods beginning on or after a date to be determined

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

4 Effective for annual periods beginning on or after 1 January 2017

The directors of KK VII anticipate that the application of the new and amendments to HKFRSs in future will have no material impact on KK VII's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis, except for investment properties and derivative financial instrument that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the management of KK VII takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Financial Information is determined on such a basis, except for leasing transactions that are within the scope of Hong Kong Accounting Standards ("HKAS") 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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 principal accounting policies are set out below.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

KK VII's policy for the recognition of revenue from operating leases is described in the accounting policy for leasing below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to KK VII and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value. All of KK VII's property interests held under operating leases to earn rental or for capital appreciation purposes are classified and accounted for as investment properties and are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Leasing

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

KK VII as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Financial instruments

Financial assets and financial liabilities are recognised when KK VII becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

KK VII's financial assets are classified into following specified categories; financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that KK VII manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with KK VII's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and measurement* permits the entire combined contract (asset or liability) to be designated at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables and pledged bank deposits) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by KK VII are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by KK VII are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including amount due to immediate holding company and bank borrowing) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

KK VII derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

KK VII derecognises financial liabilities when, and only when, KK VII's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before taxation' as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. KK VII's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which KK VII expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of KK VII's accounting policies, which are described in note 3, the directors of KK VII's are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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 following twelve months.

Estimate of fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. The determination of the fair value involves certain assumptions of market conditions. In relying on the valuation report, the directors of KK VII have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of KK VII's investment properties and corresponding adjustments to the amount of gain or loss reported in the statement of profit or loss and other comprehensive income. As at 31 December 2015 and 31 August 2016, the carrying amount of investment properties amounting to HK$99,000,000 and HK$109,300,000, respectively.

5. CAPITAL RISK MANAGEMENT

KK VII manages its capital to ensure that KK VII will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. KK VII's overall strategy remained unchanged during the Relevant Periods.

The capital structure of KK VII consists of debts, which includes amount due to immediate holding company, bank borrowing and equity attributable to owners of the KK VII, comprising issued share capital and retained profits.

The management of KK VII reviews the capital structure regularly. The management considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through payments of dividends, new share issues as well as issue of new debts or repayment of existing debts, if necessary.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December 2015	At 31 August 2016
	HK$'000	*HK$'000*
Financial assets		
Derivative financial instrument	12	1
Loans and receivables (including cash and cash equivalents)	380	389
	392	390
Financial liabilities		
Liabilities at amortised cost	71,343	75,259

(b) **Financial risk management objectives and policies**

KK VII's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

KK VII's income and operating cash flows are substantially independent of changes in market interest rates. The KK VII's exposure to changes in interest rates is mainly attributable to its bank balances and bank borrowing which carries interest at variable rates. It is KK VII's policy to keep its bank borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

KK VII's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rates ("HIBOR") arising from the bank borrowing. In order to mitigate the cash flow interest rate risk in respect of the bank borrowing, KK VII has entered into an interest rate cap whereby KK VII will receive interest when HIBOR exceed certain rate. Details of the interest rate cap are set out in note 14.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The sensitivity analysis is prepared assuming the bank borrowing outstanding at the end of the reporting period was outstanding for the whole period. No sensitivity analysis is provided on bank balances as the management of KK VII considers that the interest rate fluctuation on bank balances is minimal and the impact from the exposure to interest rate risk sensitivity is consider insignificant.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the profit for the period from 21 October 2015 to 31 December 2015 and eight months ended 31 August 2016 would decrease/increase by HK$32,000 and HK$110,000 respectively. This is mainly attributable to KK VII's exposure to interest rates on its variable-rate bank borrowing, after taking into consideration the effects of the interest rate cap. The management of KK VII considers that the fair value exposure of the interest rate cap is not significant, and thus no sensitivity analysis is provided on the fair value change of interest rate cap.

Credit risk

At the end of the reporting period, KK VII's maximum exposure to credit risk which will cause a financial loss to KK VII due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

KK VII's credit risk is primarily attributable to its bank balances.

The credit risk on bank balances is limited because the counterparty is bank with good reputation.

Liquidity risk

KK VII's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowing. KK VII also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

In addition, the immediate holding company of KK VII has agreed to provide adequate funds to enable KK VII to meet in full its financial obligations as and when they fall due for in the foreseeable future as disclosed in note 2. In the opinion of the directors, KK VII will be able to procure sufficient funds to finance its working capital requirements.

The following table details the maturities of KK VII's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which KK VII can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	**Repayable on demand or within 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total undiscounted cash flows**	**Carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015						
Non-derivative financial liabilities						
Amount due to immediate holding company	7.00	—	—	40,101	40,101	32,735
Bank borrowing	2.62	846	846	40,326	42,018	38,608
		846	846	80,427	82,191	71,343
At 31 August 2016						
Non-derivative financial liabilities						
Amount due to the immediate holding company	7.00	—	—	42,039	42,039	36,318
Bank borrowing	2.64	780	780	39,745	41,305	38,941
		780	780	81,784	83,344	75,259

(c) **Fair value measurements**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

KK VII's derivative financial instrument is measured at fair value at the end of each reporting period and it is grouped under Level 2 based on the degree to which the fair value is observable.

KK VII's interest rate cap are measured at the present value of future cash flows, estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of the counterparty.

The directors of KK VII consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost recognised in the financial statements approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents the rental income received and receivable from tenants for the Relevant Periods.

KK VII's operations is solely derived from rental income in Hong Kong during the Relevant Periods. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the directors of KK VII) reviews the overall results and financial position of KK VII as a whole prepared based on same accounting policies set out in note 4. Accordingly, KK VII has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as KK VII's revenue are all derived from Hong Kong based on the location of services delivered and KK VII's investment properties are located in Hong Kong by physical location of assets.

Information about major customers

Revenue from customer of the Relevant Periods contributing over 10% of total revenue of KK VII is as follows:

	21 October 2015 (date of incorporation) to 31 December 2015	**Eight months ended 31 August 2016**
	HK$'000	*HK$'000*
Customer A	2	33

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

During the Relevant Periods, no remuneration was paid by KK VII to the directors. No employee's emoluments was incurred throughout the Relevant Periods.

9. FINANCE COSTS

	21 October 2015 (date of incorporation) to 31 December 2015	**Eight months ended 31 August 2016**
	HK$'000	*HK$'000*
Interest on bank borrowing	56	700
Imputed interest on amount due to immediate holding company	—	2,002
Other charges	1	113
	57	2,815

10. PROFIT BEFORE TAXATION

	21 October 2015 (date of incorporation) to 31 December 2015	**Eight months ended 31 August 2016**
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	12	1
Property management fee	10	215

11. INCOME TAX EXPENSE

No Hong Kong Profits Tax had been provided as KK VII has no assessable profit for the Relevant Periods.

The income tax expense for the period can be reconciled to the profit before taxation per the statement of profit or loss and other comprehensive income as follows:

	21 October 2015 (date of incorporation) to 31 December 2015	Eight months ended 31 August 2016
	HK$'000	*HK$'000*
Profit before taxation	19,667	7,030
Tax at Hong Kong Profits Tax rate of 16.5%	3,245	1,160
Tax effect of income not taxable for tax purposes	(3,276)	(1,700)
Tax effect of expense not deductible for tax purpose	4	341
Tax effect of tax losses not recognised	27	199
Income tax expense for the periods	—	—

Details of deferred taxation are set out in note 20.

12. EARNINGS PER SHARE

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

13. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 21 October 2015 (date of incorporation)	—
Additions	79,143
Increase in fair value	19,857
At 31 December 2015	99,000
Increase in fair value	10,300
At 31 August 2016	109,300

The fair value of KK VII's investment properties at 31 December 2015 and 31 August 2016 has been arrived at on the basis of a valuation carried out on the respective dates by Colliers International (Hong Kong) Limited and APAC Asset Valuation And Consulting Limited (the "Valuers"), located at Unit 5701 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong and Unit 07-08, 17/F, Loon Kee Building, 267-275 Des Voeux Road Central, Hong Kong, respectively. Both Valuers are independent qualified professional valuers not connected with KK VII.

As at 31 December 2015 and 31 August 2016, the fair value of the properties was determined based on the direct comparison approach by making reference to comparable sales transactions available on the relevant markets.

When estimating the fair value of the properties, the highest and best use of the properties is considered to be their current use.

The fair value of investment properties as disclosed below are determined (in particular, the valuation techniques and input used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

There were no transfers into or out of Level 3 during the Relevant Periods.

Information about fair value measurements using significant unobservable input

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Date of valuation	**Fair value**	**Fair value hierarchy**	**Valuation techniques**	**Unobservable inputs**	**Range of significant inputs**	**Relationship of inputs fair value**
	HK$'000					
At 31 December 2015	99,000	Level 3	Direct comparison	Unit sale rate per square foot	Ranging from HK$9,300 to HK$11,000 per square foot	The higher the unit sale rate per square foot, the higher the fair value
At 31 August 2016	109,300	Level 3	Direct comparison	Unit sale rate per square foot	Ranging from HK$12,000 to HK$13,000 per square foot per unit	The higher the unit sale rate per square foot, the higher the fair value

All KK VII's investment properties are rent out under operating lease or are held for capital appreciation purposes.

The investment properties shown above are situated on land in Hong Kong.

14. DERIVATIVE FINANCIAL INSTRUMENT

	At as 31 December 2015	At as 31 August 2016
	HK$'000	*HK$'000*
Interest rate cap	12	1

The interest rate cap was entered into by KK VII for the purpose of reducing its exposure to the risk of interest rate fluctuation of bank borrowing outstanding at the ended of each reporting period. The interest rate cap contract was not accounted for under hedge accounting. As at 31 December 2015 and 31 August 2016, the notion amount of the interest rate cap is HK$40,500,000 of which KK VII received payments when 1-month HIBOR exceed 1.3%. The interest rate cap will be matured on 17 December 2016.

15. PLEDGED BANK DEPOSITS

Pledged bank deposits held by KK VII represents short term bank deposits with an original maturity of three months or less, and are pledged to a bank to secure the banking facilities granted to KK VII.

16. SHARE CAPITAL

	Number of shares	Share capital
		HK$
Ordinary shares of United Stated dollar ("US$") 1 each		
Authorised:		
At 21 October 2015 (date of incorporation), 31 December 2015 and 31 August 2016	50,000	390,000
Issued and fully paid:		
At 21 October 2015 (date of incorporation), 31 December 2015 and 31 August 2016	100	780

	As at 31 December 2015	As at 31 August 2016
	HK$'000	*HK$'000*
Presented as	1	1

17. BANK BORROWING

	As at 31 December 2015	As at 31 August 2016
	HK$'000	*HK$'000*
Secured bank borrowing repayable in the third to fifth years	38,608	38,941

The bank borrowing is at floating rate which carries interest at HIBOR plus 2.4% per annum and the effective interest rate is 2.62% and 2.64% for the period from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months ended 31 August 2016 respectively.

The bank borrowing is denominated in HK$.

As at 31 December 2015 and 31 August 2016, the bank borrowing was secured by mortgage over KK VII's investment properties, trade receivables and pledged bank deposits, with carrying amount of HK$99,000,000 and HK$109,300,000, HK$20,000 and nil, and HK$378,000 and HK$379,000, respectively, together with a floating charge over all the assets of KK VII. In additions, the bank borrowing is secured by guarantee of HK$26,200,000 from the immediate holding company and the intermediate holding companies of KK VII.

18. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is non-trade in nature, unsecured, interest-free and is subordinated which should not be repaid until all borrowing from a bank under the banking facilities that have been granted to and utilised by KK VII amounting to HK$38,608,000 and HK$38,941,000 as at 31 December 2015 and 31 August 2016 respectively have been repaid.

As at 31 December 2015 and 31 August 2016, the principal amount of HK$40,101,000 and HK$42,039,000 has been reduced to its present value of HK$32,735,000 and HK$36,318,000 with corresponding adjustments of HK$7,366,000 and HK$7,723,000, respectively, to other reserve which regarded as deemed contribution by the immediate holding company and the imputed interest using the effective interest method. As at 31 August 2016, accumulated amount of HK$2,002,000 recognised as imputed interest is included in the amount due to immediate holding company. The effective interest rate adopted for measurement of the amount due to immediate holding company is 7% per annum.

19. OPERATING LEASE ARRANGEMENTS

KK VII as lessor

For the period from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months period ended 31 August 2016, the gross rental income in respect of the investment properties earned was HK$2,000 and HK$33,000 respectively,

At the end of each reporting period, KK VII had contracted with a tenant for the future minimum lease payments of under non-cancellable operating leases which fall due as follows:

	At 31 December 2015	**At 31 August 2016**
	HK$'000	*HK$'000*
Within one year	23	50

20. DEFERRED TAXATION

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

	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 21 October 2015 (date of incorporation)	—	—	—
Charged (credited) to profit or loss	88	(88)	—
At 31 December 2015	88	(88)	—
Charged (credited) to profit or loss	88	(88)	—
At 31 August 2016	176	(176)	—

As at 31 December 2015 and 31 August 2016, KK VII has unused tax loss of HK$699,000 and HK$2,507,000 respectively available for offset against future assessable profits. As at 31 December 2015 and 31 August 2016, a deferred tax asset has been recognised in respect of HK$533,000 and HK$1,067,000 respectively of such losses. No deferred tax asset has been recognised in respect of the remaining HK$166,000 and HK$1,436,000 due to the unpredictability of future profit stream. The tax losses may be carried forward indefinitely.

C. EVENTS AFTER THE REPORTING PERIOD

There is no significant event taken place subsequent to 31 August 2016.

D. ESTIMATION OF DIRECTORS' REMUNERATION

Under the arrangement currently in force, the aggregate amount of remuneration payable to the directors of KK VII for the year ending 31 December 2016 is estimated to be nil.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by KK VII in respect of any period subsequent to 31 August 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Deloitte. 德勤

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Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

2 December 2016

The Directors
Tempus Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to KK VIII (BVI) Limited ("KK VIII") for each of the period from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months ended 31 August 2016 (the "Relevant Periods"), for inclusion in the circular of Tempus Holdings Limited (the "Company") dated 2 December 2016 (the "Circular") in connection with the proposed acquisition of all the issued shares of KK VIII by the Company.

KK VIII was incorporated in the British Virgin Islands ("BVI") on 21 October 2015 as a limited liability company and is principally engaged in property investment.

KK VIII has adopted 31 December as its financial year end date, and the financial statements of KK VIII for the period from 21 October 2015 (date of incorporation) to 31 December 2015 was audited by PricewaterhouseCoopers.

The financial statements of KK VIII for the period from 21 October 2015 (date of incorporation) to 31 December 2015 were prepared in accordance with International Financial Reporting Standards issued by International Accounting Standards Board.

For the purpose of this report, the directors of KK VIII have prepared the financial statements of KK VIII for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA") (thereinafter referred to as the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We also examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of KK VIII for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to the Underlying Financial Statements in preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of KK VIII who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the KK VIII at 31 December 2015 and 31 August 2016, and of the financial performance and cash flows of the KK VIII for the Relevant Periods.

A. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**21 October 2015 (date of incorporation) to 31 December 2015**	**Eight months ended 31 August 2016**
		HK$'000	*HK$'000*
Revenue		—	—
Cost of property management		(25)	(332)
Gross loss		(25)	(332)
Administrative expenses		(37)	(267)
Change in fair value of investment property	13	16,039	12,458
Change in fair value of derivative financial instrument		(70)	(11)
Finance costs	9	(55)	(3,053)
Profit before taxation	10	15,852	8,795
Income tax expense	11	—	—
Profit and total comprehensive income for the period		15,852	8,795

STATEMENTS OF FINANCIAL POSITION

	Notes	**At 31 December 2015** *HK$'000*	**At 31 August 2016** *HK$'000*
Non-current asset			
Investment property	13	98,000	112,900
Current assets			
Prepayments and other deposits		—	75
Derivative financial instrument	14	12	1
Pledged bank deposits	15	384	816
		396	892
Current liability			
Other payables and accruals	16	983	143
Net current (liabilities) assets		(587)	749
Total assets less current liabilities		97,413	113,649
Capital and reserves			
Share capital	17	1	1
Reserves		23,810	33,273
		23,811	33,274
Non-current liabilities			
Bank borrowings	18	38,239	39,809
Amount due to immediate holding company	19	35,363	40,566
		73,602	80,375
		97,413	113,649

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Other reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note)		
Issuance of shares at 21 October 2015 (date of incorporation)	1	—	—	1
Fair value adjustment on amount due to immediate holding company	—	7,958	—	7,958
Profit and total comprehensive income for the period	—	—	15,852	15,852
At 31 December 2015	1	7,958	15,852	23,811
Profit and total comprehensive income for the period	—	—	8,795	8,795
Fair value adjustment on amount due to immediate holding company	—	668	—	668
At 31 August 2016	1	8,626	24,647	33,274

Note: Other reserve represents the fair value adjustment of amount due to immediate holding company classified under non-current liabilities at initial recognition.

STATEMENTS OF CASH FLOWS

	21 October 2015 (date of incorporation) to 31 December 2015	Eight months ended 31 August 2016
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	15,852	8,795
Adjustments for:		
Finance costs	55	3,053
Change in fair value of investment property	(16,039)	(12,458)
Change in fair value of derivative financial instrument	70	11
Operating cash flows before movements in working capital	(62)	(599)
Increase in payment and other deposits	—	(75)
Increase (decrease) in other payables and accruals	71	(525)
NET CASH FROM (USED IN) OPERATIONS ACTIVITIES	9	(1,199)
CASH USED IN INVESTING ACTIVITY		
Additions to investment property	(81,961)	(2,442)
FINANCING ACTIVITIES		
Advance from immediate holding company	43,266	2,818
Issuance of shares	1	—
Bank borrowings raised	39,150	1,255
Purchase of derivative financial instrument	(81)	—
NET CASH FROM FINANCING ACTIVITIES	82,336	4,073
NET INCREASE IN CASH AND CASH EQUIVALENTS	384	432
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	—	384
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	384	816

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

KK VIII is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

KK VIII is principally engaged in property investment in Hong Kong.

AG Acquisition W (BVI) Limited, a limited liability company incorporated in the British Virgin Islands, is the immediate holding company of KK VIII.

The ultimate beneficiary owners of KK VIII are the beneficiaries of Asia Realty Fund III (SO), L.P., AG Asia Realty Fund III, L.P., AG Realty Fund IX (A), L.P., AG Realty IX Investments, L.P. and AG Realty IX Investments (H-2) L.P..

The Financial Information is presented in Hong Kong dollars ("HK$"), which is also the functional currency of KK VIII.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, KK VIII has consistently applied all HKFRSs issued by the HKICPA that are effective for the KK VIII's accounting periods beginning on 1 January 2016 throughout the Relevant Periods.

KK VIII has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

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

2 Effective for annual periods beginning on or after a date to be determined

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

4 Effective for annual periods beginning on or after 1 January 2017

The directors of KK VIII anticipate that the application of the new and amendments to HKFRSs in future will have no material impact on KK VIII's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis, except for investment properties and derivative financial instrument that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the management of KK VIII takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Financial Information is determined on such a basis, except for leasing transactions that are within the scope of Hong Kong Accounting Standards ("HKAS") 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 principal accounting policies are set out below.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to KK VIII and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. All of KK VIII's property interests held under operating leases to earn rental or for capital appreciation purposes are classified and accounted for as investment properties and are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when KK VIII becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

KK VIII's financial assets are classified into following specified categories; financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- on initial recognition it is a part of an identified portfolio of financial instruments that KK VIII manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with KK VIII's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and measurement* permits the entire combined contract (asset or liability) to be designated at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including pledged bank deposits) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by KK VIII are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by KK VIII are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables, amount due to immediate holding company and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

KK VIII derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

KK VIII derecognises financial liabilities when, and only when, KK VIII's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from "profit before taxation" as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. KK VIII's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which KK VIII expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of KK VIII's accounting policies, which are described in note 3, the directors of KK VIII's are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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 following twelve months.

Estimate of fair value of investment property

Investment property is stated at fair value based on the valuation performed by independent professional valuer. The determination of the fair value involves certain assumptions of market conditions. In relying on the valuation report, the directors of KK VIII's have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of KK VIII's investment property and corresponding adjustments to the amount of gain or loss reported in the statement of profit or loss and other comprehensive income. As at 31 December 2015 and 31 August 2016, the carrying amount of investment property amounting to HK$98,000,000 and HK$112,900,000, respectively.

5. CAPITAL RISK MANAGEMENT

KK VIII manages its capital to ensure that KK VIII will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. KK VIII's overall strategy remained unchanged during the Relevant Periods.

The capital structure of KK VIII consists of debts, which includes amount due to immediate holding company, bank borrowing and equity attributable to owners of KK VIII, comprising issued share capital and retained profits.

The management of KK VIII reviews the capital structure regularly. The management considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through payments of dividends, new share issues as well as issue of new debts or repayment of existing debts, if necessary.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December 2015	At 31 August 2016
	HK$'000	*HK$'000*
Financial assets		
Derivative financial instrument	11	1
Loans and receivables (including cash and cash equivalents)	384	816
	395	817
Financial liabilities		
Liabilities at amortised cost	73,602	80,485

(b) Financial risk management objectives and policies

KK VIII's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

KK VIII's income and operating cash flows are substantially independent of changes in market interest rates. KK VIII's exposure to changes in interest rates is mainly attributable to its bank balances and bank borrowing which carries interest at variable rates. It is KK VIII's policy to keep its bank borrowing at floating rate of interests so as to minimise the fair value interest rate risk.

KK VIII's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rates ("HIBOR") arising from the bank borrowing. In order to mitigate the cash flow interest rate risk in respect of the bank borrowing, KK VIII has entered into an interest rate cap whereby KK VIII will receive interest when HIBOR exceed certain rate. Details of the interest rate cap are set out in note 14.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The sensitivity analysis is prepared assuming the bank borrowing outstanding at the end of the reporting period was outstanding for the whole period. No sensitivity analysis is provided on bank balances as the management of KK VIII considers that the interest rate fluctuation on bank balances is minimal and the impact from the exposure to interest rate risk sensitivity is consider insignificant.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the profit for the period from 21 October 2015 to 31 December 2015 and eight months ended 31 August 2016 would decrease/increase by HK$31,000 and HK$113,000 respectively. This is mainly attributable to KK VIII's exposure to interest rates on its variable-rate bank borrowings, after taking into consideration the effects of the interest rate cap. The management of KK VIII considers that the fair value exposure of the interest rate swap is not significant, and thus no sensitivity analysis is provided on the fair value change of interest rate cap.

Credit risk

At the end of the reporting period, KK VIII's maximum exposure to credit risk which will cause a financial loss to KK VIII due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

KK VIII's credit risk is primarily attributable to its bank balances.

The credit risk on bank balances is limited because the counterparty is bank with good reputation.

Liquidity risk

KK VIII's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings. KK VIII also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

In addition, the immediate holding company of KK VIII has agreed to provide adequate funds to enable KK VIII to meet in full its financial obligations as and when they fall due for in the foreseeable future as disclosed in note 2. In the opinion of the directors, KK VIII will be able to procure sufficient funds to finance its working capital requirements.

The following table details the maturities of KK VIII's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which KK VIII can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015						
Non-derivative financial liabilities						
Amount due to immediate holding company	7.00	—	—	43,321	43,321	35,363
Bank borrowings	2.62	768	768	39,853	41,389	38,239
		768	768	83,174	84,710	73,602
At 31 August 2016						
Non-derivative financial liabilities						
Other payables	—	110	—	—	110	110
Amount due to the immediate holding company	7.00	—	—	46,956	46,956	40,566
Bank borrowings	2.64	809	809	40,607	42,225	39,809
		919	809	87,563	89,291	80,485

(c) **Fair value measurements**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

KK VIII's derivative financial instrument is measured at fair value at the end of each reporting period and it is grouped under Level 2 financial instrument based on the degree to which the fair value is observable.

KK VIII's interest rate cap is measured at the present value of future cash flows, estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of the counterparty.

The directors of KK VIII consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost recognised in the financial statements approximate their fair values.

7. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the directors of KK VIII) reviews the overall results and financial position of KK VIII as a whole prepared based on same accounting policies set out in note 4. KK VIII has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as KK VIII's investment property is located in Hong Kong by physical location of assets.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

During the Relevant Periods, no remuneration was paid by KK VIII to the directors. No employee's emoluments was incurred throughout the Relevant Periods.

9. FINANCE COSTS

	21 October 2015 (date of incorporation) to 31 December 2015	**Eight months ended 31 August 2016**
	HK$'000	*HK$'000*
Interest on bank borrowing	54	701
Imputed interest on amount due to immediate holding company	—	2,236
Other charges	1	116
	55	3,053

10. PROFIT BEFORE TAXATION

	21 October 2015 (date of incorporation) to 31 December 2015	Eight months ended 31 August 2016
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	12	1
Property management fee	9	221

11. INCOME TAX EXPENSE

No Hong Kong Profits Tax had been provided as KK VIII has no assessable profit for the Relevant Periods.

The income tax expense for the periods can be reconciled to the profit before taxation per the statement of profit or loss and other comprehensive income as follows:

	21 October 2015 (date of incorporation) to 31 December 2015	Eight months ended 31 August 2016
	HK$'000	*HK$'000*
Profit before taxation	15,852	8,795
Tax at Hong Kong Profits Tax rate of 16.5%	2,616	1,451
Tax effect of income not taxable for tax purposes	(2,646)	(2,056)
Tax effect of expense not deductible for tax purpose	30	605
Income tax expense for the period	—	—

12. EARNINGS PER SHARE

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

13. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 21 October 2015 (date of incorporation)	—
Additions	81,961
Increase in fair value	16,039
At 31 December 2015	98,000
Additions	2,442
Increase in fair value	12,458
At 31 August 2016	112,900

The fair value of KK VIII's investment property at 31 December 2015 and 31 August 2016 has been arrived at on the basis of a valuation carried out on the respective dates by Colliers International (Hong Kong) Limited and APAC Asset Valuation And Consulting Limited (the "Valuers"), located at Unit 5701 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong and Unit 07-08, 17/F, Loon Kee Building, 267-275 Des Voeux Road Central, Hong Kong, respectively. Both valuers are independent qualified professional valuers not connected with KK VIII.

As at 31 December 2015 and 31 August 2016, the fair value of the property was determined based on the direct comparison approach by making reference to comparable sales transactions available on the relevant markets.

When estimating the fair value of the property, the highest and best use of the property is considered to be their current use.

The fair value of investment property as disclosed below are determined (in particular, the valuation techniques and input used), as well as the fair value hierarchy in which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurement is observable.

There were no transfers into or out of Level 3 during the Relevant Periods.

Information about fair value measurements using significant unobservable input

The following table shows the valuation techniques used in the determination of fair values for investment property and unobservable inputs used in the valuation models.

Date of valuation	Fair value	Fair value hierarchy	Valuation techniques	Unobservable inputs	Range of significant inputs	Relationship of inputs fair value
	HK$'000					
At 31 December 2015	98,000	Level 3	Direct comparison	Unit sale rate per square foot	Ranging from HK$9,300 to HK$11,000 per square foot	The higher the unit sale rate per square foot, the higher the fair value
At 31 August 2016	112,900	Level 3	Direct comparison	Unit sale rate per square foot	Ranging from HK$12,000 to HK$13,000 per square foot	The higher the unit sale rate per square foot, the higher the fair value

KK VIII's investment property is vacant and held for capital appreciation purposes.

The investment property shown above is situated on land in Hong Kong.

14. DERIVATIVE FINANCIAL INSTRUMENT

	At as 31 December 2015	At as 31 August 2016
	HK$'000	*HK$'000*
Interest rate cap	12	1

The interest rate cap was entered into by KK VIII for the purpose of reducing its exposure to the risk of interest rate fluctuation of bank borrowings outstanding at the ended of each reporting period. The interest rate cap contract was not accounted for under hedge accounting. As at 31 December 2015 and 31 August 2016, the notion amount of the interest rate cap is HK$41,150,000 of which KK VIII received payments when 1-month HIBOR exceed 1.3%. The interest rate cap will be matured on 17 December 2016.

15. PLEDGED BANK DEPOSITS

Pledged bank deposits held by KK VIII represents short term bank deposits with an original maturity of three months or less, and are pledged to a bank for banking facilities granted to KK VIII.

16. OTHER PAYABLES AND ACCRUALS

	At as 31 December 2015	At as 31 August 2016
	HK$'000	*HK$'000*
Accrued expenses	983	33
Other payables	—	110
	983	143

17. SHARE CAPITAL

	Number of shares	Share capital
		HK$
Ordinary shares of United Stated dollar ("US$") 1 each		
Authorised:		
At 21 October 2015 (date of incorporation), 31 December 2015 and 31 August 2016	50,000	390,000
Issued and fully paid:		
At 21 October 2015 (date of incorporation), 31 December 2015 and 31 August 2016	100	780

	As at 31 December 2015	As at 31 August 2016
	HK$'000	*HK$'000*
Presented as	1	1

18. BANK BORROWINGS

	As at 31 December 2015	As at 31 August 2016
	HK$'000	*HK$'000*
Secured bank borrowings repayable in the third to fifth years	38,239	39,809

The bank borrowings are at floating rate which carry interest at HIBOR plus 2.4% per annum and the effective interest rate is 2.62% and 2.64% for the period from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months ended 31 August 2016 respectively.

The bank borrowings are denominated in HK$.

As at 31 December 2015 and 31 August 2016, the bank borrowings were secured by mortgage over KK VIII's investment property and pledged bank deposits, with carrying amount of HK$98,000,000 and HK$112,900,000, and HK$384,000 and HK$816,000, respectively, together with a floating charge over all the assets of KK VIII. In additions, the bank borrowings are secured by guarantee of HK$26,200,000 from the immediate holding company and the intermediate holding companies of KK VIII.

19. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is non-trade in nature, unsecured, interest-free and is subordinated which should not be repaid until all borrowings from a bank under the banking facilities that have been granted to and utilised by KK VIII amounting to HK$38,239,000 and HK$39,809,000 as at 31 December 2015 and 31 August 2016 respectively have been repaid.

As at 31 December 2015 and 31 August 2016, the principal amount of HK$43,321,000 and HK$46,956,000 has been reduced to its present value of HK$35,363,000 and HK$40,566,000 with corresponding adjustment of HK$7,958,000 and HK$8,626,000, respectively, to other reserve which regarded as deemed contribution by the immediate holding company and the imputed interest using the effective interest method. As at 31 August 2016, accumulated amount of HK$2,236,000 recognised as imputed interest is included in the amount due to immediate holding company. The effective interest rate adopted for measurement of the amount due to immediate holding company is 7% per annum.

C. EVENTS AFTER THE REPORTING PERIOD

There is no significant event taken place subsequent to 31 August 2016.

D. ESTIMATION OF DIRECTORS' REMUNERATION

Under the arrangement currently in force, the aggregate amount of remuneration payable to the directors of KK VIII for the year ending 31 December 2016 is estimated to be nil.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by KK VIII in respect of any period subsequent to 31 August 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Set out below is the management discussion and analysis of KK VII for each of the periods from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months ended 31 August 2016 (the "Relevant Periods").

BUSINESS REVIEW

KK VII was incorporated in the British Virgin Islands ("BVI") on 21 October 2015 as a limited liability company and is principally engaged in property investment. KK VII holds 28th floor and carpark space no. P22 on 2nd floor of King Kong Commercial Center located at No. 9 Des Voeux Road West, Hong Kong.

FINANCIAL REVIEW

Revenue

KK VII generated rental income of approximately HK$2,000 and HK$33,000 from leasing of its carpark for the Relevant Periods respectively.

Cost of properties management

Cost of property management mainly includes property management fee, government rent and rates, and other repair and maintenance expenses for the properties KK VII holds. KK VII incurred cost of properties management of approximately HK$27,000 and HK$291,000 for the Relevant Periods respectively.

Administrative expenses

Administrative expenses mainly represents accounting fee, legal fee and other sundry administrative expenses incurred by KK VII in operations.

Change in fair value of investment properties

The change in fair value of investment properties represents the fair value gain from the investment properties KK VII holds of HK$19,857,000 recognised in profit or loss for the period from 21 October 2015 to 31 December 2015 and HK$10,300,000 recognised in profit or loss for the eight months ended 31 August 2016.

Change in fair value of derivative financial instrument

The amounts represent the changes on fair value during Relevant Periods for the interest rate cap entered into for the purpose of reducing the exposure on variable interest rate bank borrowings.

Finance costs

Finance costs represent interest paid and amortisation of the upfront fee for the bank borrowings of KK VII.

Investment properties

Investment properties represent property held by KK VII located at 28th floor and carpark space no. P22 on 2nd floor of King Kong Commercial Center, No. 9 Des Voeux Road West, Hong Kong for rental or capital appreciation purpose. As at 31 December 2015 and 31 August 2016, the carrying amount of the investment properties are approximately HK$99,000,000 and HK$109,300,000 respectively.

Amount due to immediate holding company

The balance represented the loans granted by KK VII's immediate holding company, AG Acquisition W (BVI) Limited, as part of the funding for the acquisition of the investment properties. The amounts are unsecured, non-interest bearing and repayment on demand.

Bank borrowing

The balance represented the bank loan obtained from United Overseas Bank as part of the funding for the acquisition of the investment properties. The bank borrowing is at floating rate which carries interest at HIBOR plus 2.4% per annum and the effective interest rate is 2.62% and 2.64% for the Relevant Periods respectively.

Pledge of assets

As at 31 December 2015 and 31 August 2016, the bank borrowing was secured by mortgage over KK VII's investment properties, trade receivables and pledged bank deposits, with carrying amount of HK$99,000,000 and HK$109,300,000, HK$20,000 and nil, and HK$378,000 and HK$379,000, respectively, together with a floating charge over all the assets of KK VII. In addition, the bank borrowing is secured by guarantee of HK$26,200,000 from the immediate holding company and the intermediate holding companies of KK VII.

Liquidity, financial resources and capital structure

As at 31 August 2016, KK VII had net assets and net current assets of approximately HK$34,421,000 and HK$380,000 respectively. The Group is committed to provide continual financial support and adequate funds for KK VII to meet its liabilities as and when they fall due. KK VII's objective is to maintain a balance between continuity of funding and flexibility through the use of loans from shareholder.

As at 31 August 2016, KK VII had cash and cash equivalents HK$ nil, loans from a shareholder of approximately HK$36,318,000 and bank borrowings of approximately HK$38,941,000.

During the Relevant Periods, KK VII did not have any foreign exchange exposure arising from its assets and liabilities.

Significant investment and material acquisition and disposal

During the Relevant Periods, KK VII did not have other significant investment except the investment properties.

Gearing ratio

As at 31 August 2016, the gearing ratio (total borrowings / total assets x 100%) of KK VII was approximately 68.6%.

Employees and Remuneration Policy

As at 31 December 2015 and 31 August 2016, KK VII had no employees.

Set out below is the management discussion and analysis of KK VIII for each of the periods from 21 October 2015 (date of incorporation) to 31 December 2015 and the eight months ended 31 August 2016 (the "Relevant Periods").

BUSINESS REVIEW

KK VIII was incorporated in the British Virgin Islands ("BVI") on 21 October 2015 as a limited liability company and is principally engaged in property investment. KK VIII holds 29th floor of King Kong Commercial Center located at No. 9 Des Voeux Road West, Hong Kong.

FINANCIAL REVIEW

Revenue

KK VIII did not generated any revenue for the Relevant Periods.

Cost of properties management

Cost of property management mainly includes property management fee, government rent and rates, and other repair and maintenance expenses for the properties KK VIII holds. KK VIII incurred cost of properties management of approximately HK$25,000 and HK$332,000 for the Relevant Periods respectively.

Administrative expenses

Administrative expenses mainly represents accounting fee, legal fee and other sundry administrative expenses incurred by KK VIII in operations.

Change in fair value of investment properties

The change in fair value of investment properties represents the fair value gain from the investment properties KK VIII holds of HK$16,039,000 recognised in profit or loss for the period from 21 October 2015 to 31 December 2015 and HK$12,458,000 recognised in profit or loss for the eight months ended 31 August 2016.

Change in fair value of derivative financial instrument

The amounts represent the changes on fair value during Relevant Periods for the interest rate cap entered into for the purpose of reducing the exposure on variable interest rate bank borrowings.

Finance costs

Finance costs represent interest paid and amortisation of the upfront fee for the bank borrowings of KK VIII.

Investment properties

Investment properties represent property held by KK VIII located at 29th floor of King Kong Commercial Center, No. 9 Des Voeux Road West, Hong Kong for rental or capital appreciation purpose. As at 31 December 2015 and 31 August 2016, the carrying amount of the investment properties are approximately HK$98,000,000 and HK$112,900,000 respectively.

Amount due to immediate holding company

The balance represented the loans granted by KK VIII's immediate holding company, AG Acquisition W (BVI) Limited, as part of the funding for the acquisition of the investment properties. The amounts are unsecured, non-interest bearing and repayment on demand.

Bank borrowing

The balance represented the bank loan obtained from United Overseas Bank as part of the funding for the acquisition of the investment properties. The bank borrowing is at floating rate which carries interest at HIBOR plus 2.4% per annum and the effective interest rate is 2.62% and 2.65% for the Relevant Periods respectively.

Pledge of assets

As at 31 December 2015 and 31 August 2016, the bank borrowings were secured by mortgage over KK VIII's investment property and pledged bank deposits, with carrying amount of HK$98,000,000 and HK$112,900,000, and HK$384,000 and HK$816,000, respectively, together with a floating charge over all the assets of KK VIII. In addition, the bank borrowings are secured by guarantee of HK$26,200,000 from the immediate holding company and the intermediate holding companies of KK VIII.

Liquidity, financial resources and capital structure

As at 31 August 2016, KK VIII had net assets and net current assets of approximately HK$33,274,000 and HK$749,000 respectively. The Group is committed to provide continual financial support and adequate funds for KK VIII to meet its liabilities as and when they fall due. KK VIII's objective is to maintain a balance between continuity of funding and flexibility through the use of loans from shareholder.

As at 31 August 2016, KK VIII had cash and cash equivalents HK$ nil, loans from a shareholder of approximately HK$40,566,000 and bank borrowings of approximately HK$39,809,000.

During the Relevant Periods, KK VIII did not have any foreign exchange exposure arising from its assets and liabilities.

Significant investment and material acquisition and disposal

During the Relevant Periods, KK VIII did not have other significant investment except the investment properties.

Gearing ratio

As at 31 August 2016, the gearing ratio (total borrowings / total assets x 100%) of KK VIII was approximately 70.6%.

Employees and Remuneration Policy

As at 31 December 2015 and 31 August 2016, KK VIII had no employees.

The following is the text of a letter, a summary of values and valuation certificates prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with their valuations as of 30 September 2016 of the Properties to be acquired by the Group.

APAC Asset Valuation and Consulting Limited
Units 07-08, 17/F, Loon Kee Building, 267 — 275 Des Voeux Road Central, Hong Kong
Tel: (852) 2357 0059
Fax: (852) 2951 0799

The Directors
Tempus Holdings Limited
26th Floor, Pacific Plaza
No. 410 Des Voeux Road West
Hong Kong

2 December 2016

Dear Sirs,

In accordance with the instructions from Tempus Holdings Limited (the "Company") for us to value the Properties to be acquired by the Company and/ or its subsidiaries (hereinafter together referred to as the "Group") situated in Hong Kong, we confirm that we have carried out 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 values of the Properties as at 30 September 2016 (the "valuation date") for the purpose of incorporation into the circular issued by the Group.

BASIS OF VALUATION

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

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

We are independent of the Group and our valuation is prepared in accordance with "The HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the Properties on the open markets without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the Properties.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the Properties nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

VALUATION METHODOLOGY

In valuing the Properties, we have valued the Properties by the Direct Comparison Approach on the assumption that the Properties can be sold in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available on the relevant markets.

TITLE AND ASSUMPTIONS

We have not been provided with any title documents relating to the Properties but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers. As advised by the Group, there are no investigations, notices, pending litigation, breaches of law or title defects against the Properties.

SOURCES OF INFORMATION

We have relied to a very 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, tenure, particulars of occupancy, floor areas and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuations. We were also advised by the Group that no material facts have been omitted from the information provided to us.

SITE INSPECTIONS

Site inspections of the Properties were carried out by Mr. Sunny Wong (BSc) in September 2016. We have inspected the exterior and, where possible, the interior of the Properties. We have not inspected those parts of the Properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

LIMIITATION OF LIABILITIES

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Properties which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this valuation report and our calculation have been sent to the Group. The Group has reviewed and orally confirmed to us that facts as stated in this valuation report and calculation are accurate in all material respects and that the Group is not aware of any material matters relevant to our engagement which have been excluded.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Hong Kong Dollars (HK$).

Our summary of values and valuation certificates are attached.

Yours faithfully,
For and on behalf of
APAC Asset Valuation and Consulting Limited
Ken Wong
MHKIS, MCIREA, RPS (GP)
Director

Note: Mr. Ken Wong is a Registered Professional Surveyor in General Practice Division with over 16 years' valuation experience on properties in Asian Pacific region, including Hong Kong, Taiwan, the PRC, etc.

SUMMARY OF VALUES

No.	Property	Market Value in existing state as at 30 September 2016
1.	28th Floor and Carpark Space No. P22 on 2nd Floor, King Kong Commercial Center, No. 9 Des Voeux Road West, Hong Kong	HK$109,300,000
2.	29th Floor and the Flat Roof attached thereof and Carpark Space No. P12 on 2nd Floor, King Kong Commercial Center, No. 9 Des Voeux Road West, Hong Kong	HK$115,100,000
	Total:	**HK$224,400,000**

VALUATION CERTIFICATE

Properties held by the Target Companies for sale in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
1.	28th Floor and Carpark Space No. P22 on 2nd Floor, King Kong Commercial Center, No. 9 Des Voeux Road West, Hong Kong 408/10,010th shares of and in Marine Lot Nos. 502, 503, 504, Section A and the Remaining Portion of Marine Lot No. 505, Marine Lot No. 506 and Inland Lot Nos. 3183 and 3184	King Kong Commercial Center (the "Development") is situated on the northwestern side of Des Voeux Road West and southern side of Connaught Road West in Sheung Wan District of Hong Kong. The immediately locality is a traditional commercial area. Developments in the vicinity comprise office and residential buildings of different ages and heights. The Development is a 30-storey office building with shops and car parking facilities and was completed in 1995. The Property comprises an office floor and a car parking space of the Development. As advised by the Group, the gross area of the office floor of the Property is approximately 7,192 sq.ft. The Property is held under various Government Leases all for a term of 999 years commencing on between 28 November 1899 and 28 May 1900 at an aggregate government rent of HK$190.00 per annum.	As advised by the Group, 28th Floor of the Property is vacant, whilst Carpark Space No. P22 on 2nd Floor is licensed to an independent third party for a term of 1 year due to expire on 30 June 2017 at a monthly license fee of HK$5,000.	HK$109,300,000

Notes:

1. The registered owner of the Property is KK VII (BVI) Limited.

2. The Property is subject to the following encumbrances: -

   i. Deed of Mutual Covenant and Management Agreement in favour of China Merchants & Kan Property Management Company Limited vide Memorial No. UB6344864 dated 21 June 1995;

   ii. Sub-deed of Mutual Covenant to Deed of Mutual Covenant and Management Agreement (Memorial No. UB6344864) vide Memorial No. UB6346483 dated 21 June 1995; and

   iii. Property Mortgage dated 17 December 2015 vide Memorial No. 16011102110531 in favour of United Overseas Bank Limited.

3. The Property currently lies within an area zoned "Commercial" under Draft Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/30.

VALUATION CERTIFICATE

Properties held by the Target Companies for sale in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
2.	29th Floor and the Flat Roof attached thereof and Carpark Space No. P12 on 2nd Floor, King Kong Commercial Center, No. 9 Des Voeux Road West, Hong Kong 488/10,010th shares of and in Marine Lot Nos. 502, 503, 504, Section A and the Remaining Portion of Marine Lot No. 505, Marine Lot No. 506 and Inland Lot Nos. 3183 and 3184	King Kong Commercial Center (the "Development") is situated on the northwestern side of Des Voeux Road West and southern side of Connaught Road West in Sheung Wan District of Hong Kong. The immediately locality is a traditional commercial area. Developments in the vicinity comprise office and residential buildings of different ages and heights. The Development is a 30-storey office building with shops and car parking facilities and was completed in 1995. The Property comprises an office floor and the flat roof attached thereof and a car parking space of the Development. As advised by the Group, the gross area of the office floor of the Property is approximately 7,192 sq.ft. The Property is held under various Government Leases all for a term of 999 years commencing on between 28 November 1899 and 28 May 1900 at an aggregate government rent of HK$190.00 per annum.	As advised by the Group, 29th Floor and the flat roof attached thereof of the Property is vacant, whilst Carpark Space No. P12 on 2nd Floor is being occupied for car parking use.	HK$115,100,000

Notes:

1. The registered owners of the Property are KK VIII (BVI) Limited for 29th Floor and the Flat Roof attached thereof and KK V (BVI) Limited for Carpark Space No. P12 respectively.

2. The Property is subject to the following encumbrances: -

   i. Deed of Mutual Covenant and Management Agreement in favour of China Merchants & Kan Property Management Company Limited vide Memorial No. UB6344864 dated 21 June 1995;

   ii. Sub-deed of Mutual Covenant to Deed of Mutual Covenant and Management Agreement (Memorial No. UB6344864) vide Memorial No. UB6346483 dated 21 June 1995; and

   iii. Property Mortgage dated 17 December 2015 vide Memorial No. 16011102110531 in favour of United Overseas Bank Limited.

3. The Property currently lies within an area zoned "Commercial" under Draft Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/30.

INTRODUCTION OF THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The unaudited pro forma statement of asset and liabilities of the Enlarged Group ("Unaudited Pro Forma Statement of Assets and Liabilities") has been prepared in accordance with Rule 4.29 of the Listing Rules, for the purpose of illustrating the effect of the Acquisition as if the Acquisition had been completed on 30 June 2016.

The unaudited pro forma statement of asset and liabilities is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2016 which has been extracted from the Company's interim report for the six months ended 30 June 2016; and (ii) the audited consolidated statements of financial position of the Target Companies as at 31 August 2016 which have been extracted from the accountants' reports on the financial information of the Target Companies set out in Appendix II and III to this Circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition and (ii) factually supportable, as if the Acquisition had been completed on 30 June 2016.

The Unaudited Pro Forma Statement of Assets and Liabilities has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Statement of Assets and Liabilities does not purport to describe the financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2016, nor purport to predict the future financial position of the Enlarged Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group	KK VII (BVI) Limited	KK VIII (BVI) Limited	Pro forma adjustments	*Notes*	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	Note 1	*Note 2*	*Note 2*			
Non-current assets						
Property, plant and equipment	24,056	—	—			24,056
Investment properties	10,254	109,300	112,900	21,132	(3)	253,586
Deferred tax assets	1,253	—	—			1,253
Utility and other deposits paid	11,677	—	—			11,677
	47,240	109,300	112,900			290,572
Current assets						
Inventories	49,290	—	—			49,290
Trade and other receivables and prepayments	109,026	33	75	2,500	(4)	111,634
Utility and other deposits paid	4,475	—	—			4,475
Derivative financial instruments	—	1	1			2
Tax recoverable	1,138	—	—			1,138
Pledged bank deposits	11,950	379	816			13,145
Bank balances and cash	276,302	—	—	(246,961)	(5)	29,341
	452,181	413	892			209,025
Current liabilities						
Trade and other payables	65,707	33	143			65,883
Amount due to an intermediate holding company	804					804
Obligations under finance leases	79	—	—			79
Tax payable	3,041	—	—			3,041
Bank borrowings	7,961	—	—			7,961
	77,592	33	143			77,768
Net current assets	374,589	380	749			131,257
Total assets less current liabilities	421,829	109,680	113,649			421,829
Non-current liabilities						
Obligations under finance leases	200	—	—			200
Bank borrowings	—	38,941	39,809	(78,750)	(4)	—
Amount due to immediate holding company	—	36,318	40,566	(76,884)	(4)	—
	200	75,259	80,375			200
Net assets	421,629	34,421	33,274			421,629

Notes:

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2016 set out in the Company's published interim report for the six months ended 30 June 2016.

2. The amounts are extracted from the statements of financial position of the Target Companies as at 31 August 2016 which have been extracted from their accountants' reports thereon set out in Appendix II and III to this Circular.

3. The Target Properties were held by the Target Companies to earn rentals or held for capital appreciation, and hence is classified as investment properties. In preparing the Unaudited Pro Forma Financial Information, the Target Properties are not classified as property, plant and equipment as the Directors' intention to hold the Target Properties for self-use as owners' occupation has not commenced.

   In preparing the Unaudited Pro Forma Financial Information, the Directors of the Company assume that the purchase price of HK$243,332,000 is the fair value of the Target Properties as at 30 June 2016. The adjustment represents the difference between the deemed fair value of the Target Properties and the fair value of the Target Properties as at 31 August 2016 which has been arrived at on the basis of a valuation carried out by APAC Asset Valuation And Consulting Limited, an independent qualified professional valuer not connected to the Group. If there are differences between the purchase price and the fair value at the completion date, the differences will be charged or credit to the statements of profit or loss and other comprehensive income during the relevant financial period.

4. In accordance to the terms and conditions as set out in the Sale and Purchase Agreement, the consideration represents the acquisition of the entire issued share capital of the Target Companies, together with (i) an amount equivalent to HK$2,500,000 being the Group's advance payment for the purchase of an additional carpark owned by the Vendor, (ii) the assignment of the amount due to immediate holding company of the Target Companies and (iii) release of the bank borrowings of the Target Companies. In considering the principal activity of the Target Companies, such acquisition is not treated as an acquisition of business but accounted for as acquisition of assets.

5. Pursuant to the Sale and Purchase Agreement, the consideration is subject to adjustment for the current assets and liabilities of the Target Companies at the completion date of the Acquisition. Accordingly, the adjustment represents the consideration paid for the acquisition assuming that the acquisition is completed as of 30 June 2016 by adjusting the carrying amounts of the current assets and liabilities of the Target Companies as at 31 August 2016.

6. No adjustment have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2016.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Tempus Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tempus Holdings 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 statement of assets and liabilities as at 30 June 2016 and related notes as set out on pages 74 to 76 of the circular issued by the Company dated 2 December 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 74 to 76 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of the equity interests and debt interests in KK VII (BVI) Limited and KK VIII (BVI) Limited (collectively referred to as the "Target Companies") on the Group's financial position as at 30 June 2016 as if the transaction had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2016, on which a review conclusion has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (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" issued by the HKICPA 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 unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

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

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

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

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 2 December 2016

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

Directors' and chief executive's 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 executives of the Company or their respective associates in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in Ordinary Shares of the Company

Ordinary Shares of USD$0.01 each of the Company

Name of Director	Nature of interests	Number of issued ordinary shares held	Approximate Percentage of the issued share capital of the Company
Mr. Zhong Baisheng	Corporate interest *(Note 1)*	231,994,800	66.3%
Mr. Yip Chee Lai, Charlie	Beneficial owner and interests of parties to an agreement to acquire interest of the Company *(note 2)*	24,030,000	6.9%

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

Long position in shares of the Company's associated corporations:

Name of Director	Nature of interests	Number of shares	Approximate percentage of shareholding
Mr. Zhong Baisheng	Pingfeng Jewellery	9,000,000	90%
Mr. Zhong Baisheng	Tempus Group	67,000,000	67%

As at Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

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

Long Positions in Ordinary Shares of the Company

Ordinary Shares of USD$0.01 each of the Company

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Ms. Duan Naiqi *(note 1)*	Interests of controlled corporation	231,994,800	66.3%
SCGC Capital Holding Company Limited	Beneficial owner	28,000,000	8.0%
Shenzhen Capital Group Co., Ltd	Interest of controlled corporation	28,000,000	8.0%
Mr. Yip Chee Seng *(note 2)*	Beneficial owner	5,774,000	1.7%
	Interests of parties to an agreement to acquire interests of the Company	18,256,000	5.2%
Mr. Yep Gee Kuarn *(note 2)*	Beneficial owner	6,114,000	1.7%
	Interests of parties to an agreement to acquire interests of the Company	17,916,000	5.2%

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Mr. Yip Chee Way, David *(note 2)*	Beneficial owner	6,096,000	1.7%
	Interests of parties to an agreement to acquire interests of the Company	17,934,000	5.2%
Mr. Tan Beng Gim *(note 2)*	Beneficial owner	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000	6.9%
Ms. Chua Siew Hun *(note 2)*	Beneficial owner	—	—
	Interests of parties to an agreement to acquire interests of the Company	24,030,000	6.9%

Notes:

(1) These shares of the Company are held directly by Tempus Holdings (Hong Kong) Limited, which is wholly owned by Tempus Value Chain Limited ("Tempus Value Chain"). Tempus Value Chain is wholly owned by 深圳市騰邦物流股份有限公司 (Shenzhen Tempus Logistics Holding Ltd.*) ("Tempus Logistics"), which is in turn owned as to 65% by 騰邦集團有限公司 (Tempus Group Co., Ltd.*) ("Tempus Group") and 35% by 深圳市平豐珠寶有限公司 (Shenzhen Pingfeng Jewellery Ltd.*) ("Pingfeng Jewellery"). Pingfeng Jewellery is owned as to 60% by Tempus Group, 30% by Mr. Zhong Baisheng and 10% by Ms. Duan Naiqi. Tempus Group is owned as to 67% by Mr. Zhong Baisheng and 33% by Ms. Duan Naiqi. As at the date of this circular, Tempus Holdings (Hong Kong) Limited held 231,994,800 shares of the Company, representing approximately 66.3% of the issued share capital of the Company.

(2) Mr. Yip Chee Lai Charlie is the beneficial owner of 6,046,000 Shares. Apart of that, Mr. Yip Chee Seng, Mr. Yip Chee Lai, Charlie, Mr. Yip Chee Way, David, Mr. Yep Gee Kuarn, Mr. Tan Beng Gim and Ms. Chua Siew Hun (the "Minority Shareholders") have been the persons acting in concert since 1 April 2008 as confirmed in a confirmatory agreement dated 1 February 2011. Accordingly, each of the Minority Shareholders is taken to be interested in the 17,984,000 Shares in which the Minority Shareholders are interested pursuant to the SFO.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which a Director is materially interested and significant in relation to the business of the Group.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates is interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

6. LITGATION

As at the Latest Practicable Date, the Group is not engaged in any litigation, claim or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGES

As stated in the Company's announcement dated 7 November 2016, Group expects to record a loss for year ending 31 December 2016 as a result of certain one-off transaction costs and decline in retail sales in Hong Kong and Macau and corporate sales.

Save as disclosed above, 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 2015, being the date to which the latest audited financial statements of the Company were made up.

8. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The following is the qualification of the expert who has given their opinion and advice in this circular:

Name	Qualification
APAC Asset Valuation and Consulting Limited	Property valuer

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report dated 2 December 2016 and reference to its name in the form and context in which it appear.

As at the Latest Practicable Date, The Valuer did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2015, the date to which the latest audited financial statements of the Group was made up, and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. MATERIAL CONTRACTS

The Company has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

(1) the Sale and Purchase Agreement;

(2) the agreement dated 18 October 2016 entered into between Mr. Tsang Man Kit Andrews (as the vendor) and OTO (BVI) Investment Limited (as the purchaser) in relation to the acquisition of 35% of the issued share capital of Tempus Sky Enterprises Limited, details are set out in the Company's announcement dated 18 October 2016;

(3) the agreement dated 27 July 2016 entered into between a vendor and OTO (BVI) Investment Limited (as the purchaser) in relation to the acquisition of 36% of the issued share capital of Tempus Jinyuan Limited, details are set out in the Company's voluntary announcement dated 27 July 2016; and

(4) the business transfer agreement dated 15 May 2015 entered into between OTO Wellness Pte. Ltd and OTO Bodycare Pte. Ltd., details are set out in the Company's announcement dated 15 May 2015.

Save for disclosed above, no material contract (not being contracts in the ordinary course of business) has been entered into by the members of the Group within the two years immediately preceding the date of this circular.

11. GENERAL

(a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up and up to the Latest Practicable Date.

(b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

(c) The company secretary of the Company is Mr. Tam Ka Tung, who is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Tam holds a bachelor degree in Accounting and Financial Management (first class honors) from the University of Hull (UK) and a master degree in Finance and Investment from the University of Nottingham (UK).

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

(e) The principal place of business of the Company in Hong Kong is 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong.

(f) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited.

(g) The principal share registrar of the Company is Codan Trust Company (Cayman) Limited.

(h) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 26th Floor, Pacific Plaza, 410 Des Voeux Road West, Hong Kong during normal business hours on any weekday other than public holidays, up to and including 16 December 2016:

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

(b) the annual reports of the Company for the financial years ended 31 March 2015 and the nine months ended 31 December 2015;

(c) the written consent referred to in the section headed "Expert's qualifications and consents" of this Appendix;

(d) the property valuation report of the Property, the text of which is set out in Appendix IV to this circular;

(e) the Sale and Purchase Agreement;

(f) this circular.