THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in CCT Land Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s), the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

CCT LAND HOLDINGS LIMITED

（中建置地集團有限公司）

(Incorporated in Bermuda with limited liability)

(Stock Code: 00261)

DISCLOSEABLE AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEAL

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 7 to 28 of this circular.

A letter from the Independent Board Committee is set out on pages 29 to 30 of this circular.

A letter from Gram Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 55 of this circular.

A notice convening the SGM to be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Friday, 14 October 2016 at 10:00 a.m. is set out on pages 88 to 90 of this circular. A form of proxy for use by the Independent Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM. Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cctland.com/eng/investor/statutory.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

27 September 2016

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

"Agreement"	the agreement dated 3 August 2016 entered into by and between CCT Global and CCT Fortis in respect of the Transaction;
"associate"	has the same meaning as ascribed to it under the Listing Rules;
"Board"	the board of the Directors;
"Business Day(s)"	a day (other than Saturdays, Sundays and on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business;
"Caps"	the respective cap amounts in relation to the Manufacturing Transactions for the period from the Completion Date to 31 December 2016, and each of the two financial years ending 31 December 2018 as set out in the section headed "Caps Amount for the Manufacturing Transactions" of this circular;
"CCT Fortis"	CCT Fortis Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange;
"CCT Fortis Director(s)"	the director(s) of CCT Fortis, from time to time;
"CCT Fortis Group"	CCT Fortis and its subsidiaries, from time to time;
"CCT Fortis Share(s)"	the share(s) of HK$0.10 each in the capital of CCT Fortis;
"CCT Fortis Shareholder(s)"	the holder(s) of the issued CCT Fortis Share(s);
"CCT Global"	CCT Tech Global Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
"CCT Securities"	CCT Telecom Securities Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CCT Fortis;
"CCT Tech" or "CCT Tech Group"	the group of subsidiaries of the Company, which are engaged in the manufacturing of telecom, electronic and the Child Products;

"Child Products"	feeding, health care, hygiene, safety, toy and other related products for infants and babies, which are the child products currently traded by the Target Group;
"Child Product Trading Business"	the business of trading and sale of the Child Products currently engaged by the Target Group;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws Hong Kong);
"Company"	CCT Land Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange;
"Completion"	completion of the Transaction pursuant to the Agreement;
"Completion Date"	on or before the third Business Day following the date of fulfillment or waiver of the conditions precedent (other than conditions (a) and (b) as described in the section headed "Conditions precedent of the Agreement" of this circular, which will be fulfilled or waived on the Completion Date) to the Agreement;
"connected person"	has the same meaning as ascribed to it under the Listing Rules;
"Consideration"	HK$24,000,000, being the consideration payable for the Sale Share under the Agreement;
"Cost-plus Basis"	has the meaning ascribed to it in the section headed "THE MANUFACTURING AGREEMENT AND THE MANUFACTURING TRANSACTIONS — The Manufacturing Agreement" of this circular;
"Director(s)"	the director(s) of the Company, from time to time;
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission;
"Expiry Date"	has the meaning ascribed to it in the section headed "THE MANUFACTURING AGREEMENT AND THE MANUFACTURING TRANSACTIONS — The Manufacturing Agreement" of this circular;
"Fifth Relevant Announcement"	the joint announcement of the Company and CCT Fortis dated 8 September 2016 relating to the extension of time for despatch of the circular of the Company relating to the Transaction and the Manufacturing Transactions and the Caps;

"First Relevant Announcement"	the Company's announcement dated 20 June 2016 relating to the Proposal;
"First Supplemental Manufacturing Agreement"	the first supplemental manufacturing agreement dated 31 August 2016 entered into between CCT Global and CCT Fortis, which amend the terms set out in the Manufacturing Agreement dated 3 August 2016 with regard to the pricing policies for determining the sale prices for manufacturing and supplying the Child Products by the Group to the CCT Fortis Group;
"Fourth Relevant Announcement"	the joint announcement of the Company and CCT Fortis dated 31 August 2016 relating to the First Supplemental Manufacturing Agreement;
"Gram Capital"	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps;
"Group"	the Company and its subsidiaries, from time to time;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	the independent board committee of the Company comprising solely of Mr. Lau Ho Kit, Ivan, who is an independent non-executive Director and who does not have any material interest in the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps, which has been formed for the purpose of advising the Independent Shareholders on the Transaction, the Manufacturing Transactions and the Caps;
"Independent Shareholders"	the Shareholders other than Mr. Mak and his associates and those who are involved in or interested in the Transaction and/or the Manufacturing Transactions;
"Latest Practicable Date"	23 September 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;

"Loan"	a HK$24 million interest-free loan due from the Company to CCT Fortis;
"Long Stop Date"	15 October 2016, or such later date as the parties to the Agreement may agree in writing;
"Manufacturing Agreement"	the agreement dated 3 August 2016 entered into between CCT Global and CCT Fortis (as amended and supplemented by the Supplemental Manufacturing Agreements) governing the terms and conditions for the manufacture and supply of the Child Products by the Group to the CCT Fortis Group for the period from the Completion Date to 31 December 2018;
"Manufacturing Transactions"	the continuing connected transactions as contemplated under the Manufacturing Agreement to be entered into between the Group and the CCT Fortis Group in relation to the manufacture and supply of the Child Products by the Group to the CCT Fortis Group;
"Mr. Mak"	Mr. Mak Shiu Tong, Clement, the chairman, an executive Director, the chief executive officer of the Company and the chairman, the chief executive officer, an executive CCT Fortis Director and a controlling shareholder of CCT Fortis;
"percentage ratios"	has the meaning ascribed to it under the Listing Rules;
"PRC" or "China"	the People's Republic of China, excluding for the purpose of this circular, Hong Kong, the Special Administrative Region of the Macau of the People's Republic of Macau and Taiwan;
"Proposal"	the conditional proposal from Poly International Investments Limited in relation to a possible subscription of new shares in the Company, details of which are set out in the First Relevant Announcement;
"Proposers"	has the meaning ascribed to it in the section headed "LISTING RULES AND TAKEOVERS CODE IMPLICATIONS — Takeovers Code Implications" of this circular;
"Relevant Announcements"	the First Relevant Announcement, the Second Relevant Announcement, the Third Relevant Announcement, the Fourth Relevant Announcement, the Fifth Relevant Announcement, the Sixth Relevant Announcement and the Seventh Relevant Announcement;

"Sale Price"	has the meaning ascribed to it in the section headed "THE MANUFACTURING AGREEMENT AND THE MANUFACTURING TRANSACTIONS — The Manufacturing Agreement" of this circular;
"Sale Share"	one (1) share of US$1.00 each in the capital of the Target Company, representing the entire issued share capital of the Target Company;
"Second Relevant Announcement"	the joint announcement of the Company and CCT Fortis dated 3 August 2016 relating to, inter alia, the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps;
"Second Supplemental Manufacturing Agreement"	the second supplemental manufacturing agreement dated 14 September 2016 entered into between CCT Global and CCT Fortis, which further amend the terms set out in the Manufacturing Agreement dated 3 August 2016 (as amended and supplemented by the First Supplemental Manufacturing Agreement) with regard to the pricing policies for determining the sale prices for manufacturing and supplying the Child Products by the Group to the CCT Fortis Group;
"Seventh Relevant Announcement"	the joint announcement of the Company and CCT Fortis dated 23 September 2016 relating to further extension of time for despatch of the circular of the Company relating to the Transaction, the Manufacturing Transactions and the Caps;
"SFO"	The Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, inter alia, the Transaction, the Manufacturing Transactions and the Caps or any adjournment thereof (as the case may be);
"Share(s)"	the share(s) of HK$0.01 each in the capital of the Company;
"Shareholder(s)"	the holder(s) of the issued Share(s);
"Sixth Relevant Announcement"	the joint announcement of the Company and CCT Fortis dated 14 September 2016 relating to the Second Supplemental Manufacturing Agreement;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning ascribed to it under the Companies Ordinance;

"Supplemental Manufacturing Agreements"	the First Supplemental Manufacturing Agreement and the Second Supplemental Manufacturing Agreement;
"Takeovers Code"	The Code on Takeovers and Mergers;
"Target Company"	Suremark Holdings Limited, a company incorporated in the British Virgin Islands and is a direct wholly-owned subsidiary of CCT Global as at the Latest Practicable Date;
"Target Group"	the Target Company and its subsidiaries, including Wiltec Industries and Wiltec Industrial;
"Third Party Prices"	has the meaning ascribed to it in the section headed "THE MANUFACTURING AGREEMENT AND THE MANUFACTURING TRANSACTIONS — The Manufacturing Agreement" of this circular;
"Third Relevant Announcement"	the announcement dated 5 August 2016 of the Company relating to the appointment of Gram Capital as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps;
"Transaction"	the sale and purchase of the Sale Share between CCT Global and CCT Fortis as contemplated under the Agreement;
"US"	The United States of America;
"US$"	United States dollar(s), the lawful currency of the US;
"Whitewash Waiver"	has the meaning ascribed to it in the section headed "LISTING RULES AND TAKEOVERS CODE IMPLICATIONS — Takeovers Code Implications" of this circular;
"Wiltec Industrial"	Wiltec Industrial Limited, a company incorporated in Hong Kong and a direct subsidiary of the Target Company, which is engaged in the trading and sale of the Child Products;
"Wiltec Industries"	Wiltec Industries (HK) Limited, a company incorporated in the British Virgin Islands and a direct subsidiary of the Target Company, which was engaged in the trading and sale of the Child Products; and
"%"	per cent.

CCT LAND HOLDINGS LIMITED
（中建置地集團有限公司）
(Incorporated in Bermuda with limited liability)
(Stock Code: 00261)

Executive Directors:
Mak Shiu Tong, Clement
Cheng Yuk Ching, Flora
Tam Ngai Hung, Terry
Huanfei Guan
Lai Mei Kwan

Independent non-executive Directors:
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

27 September 2016

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEAL

INTRODUCTION

References are made to the Relevant Announcements.

On 20 June 2016, the Company received the Proposal from Poly International Investments Limited in relation to a possible subscription of new Shares by the Proposers. Completion of the proposed subscription under the Proposal will be subject to a number of conditions precedent including, among others, the Executive having granted the Whitewash Waiver in respect of the proposed subscription under the Proposal and the Whitewash Waiver not having been revoked. As at the Latest Practicable Date, the Board is still reviewing and considering the Proposal and no definitive subscription agreement has been entered into with respect to the Proposal.

On 3 August 2016, CCT Global (as the vendor) and CCT Fortis (as the purchaser) entered into the Agreement, pursuant to which CCT Global conditionally agreed to sell, and CCT Fortis conditionally agreed to purchase or procure its designated nominee to purchase the Sale Share at the Consideration of HK$24,000,000, to be satisfied by way of set-off of the Loan on the Completion Date. The Sale Share represents 100% of existing total number of issued share of the Target Company as at the Latest Practicable Date.

On 3 August 2016, CCT Global and CCT Fortis further entered into the Manufacturing Agreement (as amended and supplemented by the Supplemental Manufacturing Agreements), pursuant to which CCT Global conditionally agreed to cause its subsidiaries or other subsidiaries of the Company to manufacture and supply the Child Products to CCT Fortis and/or other members of the CCT Fortis Group based on orders to be placed by member(s) of the CCT Fortis Group from time to time. The Child Products will be manufactured in accordance with the specifications and requirement of the CCT Fortis Group.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Transaction for the Company exceeds 5% and all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

As Mr. Mak is the chairman, an executive Director, and chief executive officer of the Company, he is a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Mak holds approximately 52.10% of the existing total number of issued CCT Fortis Shares and as such CCT Fortis is an associate of Mr. Mak and is also a connected person of the Company under the Listing Rules. The Transaction therefore constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting and announcement requirements and the approval of the Independent Shareholders by way of poll at the SGM. CCT Fortis and its associates will abstain from voting in respect of the resolution(s) to approve the Transaction at the SGM.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Manufacturing Transactions for the Company is more than 25% on an annual basis and the annual consideration for the Manufacturing Transactions is expected to be more than HK$10,000,000, the Manufacturing Transactions constitute a non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting and announcement requirements and the approval by the Independent Shareholders by way of poll at the SGM. CCT Fortis and its associates will abstain from voting in respect of the resolution(s) to approve the Manufacturing Transactions and the Caps at the SGM.

As at the Latest Practicable Date, CCT Fortis holds indirectly a total of 14,000,000,000 Shares, representing approximately 10.43% of the total number of Shares. In addition, CCT Fortis holds indirectly the convertible bonds of the Company with the principal amount of HK$495,671,000, which are convertible into 49,567,100,000 Shares at the conversion price of HK$0.01 per conversion Share (subject to adjustments pursuant to the terms and conditions of the convertible bonds). Assuming all the convertible bonds of the Company were converted by the CCT Fortis Group at the conversion price of HK$0.01 per conversion Share on the Latest Practicable Date, CCT Fortis would hold indirectly 63,567,100,000 Shares, representing approximately 34.58% of the total number of issued Shares as enlarged by the issue and allotment of the conversion Shares. Given that CCT Fortis is a Shareholder, each of the Transaction and the Manufacturing Transactions constitutes a special deal under Rule 25 of the Takeovers Code in connection with the Proposal and require the consent of the Executive. Such consent, if granted, will be subject to (i) the independent financial advisor to the Independent Board Committee publicly stating that in its opinion, the terms of the Transaction and the Manufacturing Transactions are fair and reasonable; and (ii) the approval of the Transaction and the Manufacturing Transactions by the Independent Shareholders, being Shareholders who are not involved in or interested in the Transaction and/or the Manufacturing Transactions, by way of poll at the SGM.

The Company has made an application to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Transaction and the Manufacturing Transactions.

The Directors are of the view that the terms of the Agreement and the Manufacturing Agreement have been negotiated and will be conducted on an arm's length basis and are in the interests of the Company and the Independent Shareholders as a whole. The SGM will be convened and held to approve the Transaction and the Manufacturing Transactions. Mr. Mak and his associates will abstain from voting in respect of the resolution(s) to approve the Transaction, the Manufacturing Transactions and the Caps at the SGM.

The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps.

An independent financial adviser, Gram Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps are fair and reasonable so far as the Independent Shareholders are concerned.

The purpose of this circular is to:

(i) provide the Shareholders with details of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps;

(ii) set out the opinion of Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps;

(iii) set out the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps; and

(iv) give the Shareholders the notice of the SGM for the Independent Shareholders to consider and, if thought fit, to approve the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps.

THE AGREEMENT AND THE TRANSACTION

The Agreement was entered into between the following parties and the key terms of which are as follows:

Date:	3 August 2016 (after trading hours of the Stock Exchange)
Parties:	(i) Vendor: CCT Tech Global Holdings Limited
	(ii) Purchaser: CCT Fortis Holdings Limited
Subject matter:	Pursuant to the Agreement, CCT Global conditionally agreed to sell, and CCT Fortis or its designated nominee conditionally agreed to purchase the Sale Share at a consideration of HK$24,000,000. The Sale Share represents 100% of existing total number of issued share of the Target Company.

CCT Global is a direct wholly-owned subsidiary of the Company. As Mr. Mak is the chairman, an executive Director, and chief executive officer of the Company, he is a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Mak holds directly and indirectly approximately 52.10% of the existing total number of issued shares of CCT Fortis and as such CCT Fortis is an associate of Mr. Mak and is also a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Mak, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora, Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny are common directors of both the Company and CCT Fortis.

Furthermore, as at the Latest Practicable Date, CCT Fortis holds indirectly a total of 14,000,000,000 Shares, representing approximately 10.43% of the total number of Shares. In addition, CCT Fortis holds indirectly the convertible bonds of the Company with the principal amount of HK$495,671,000, which are convertible into 49,567,100,000 Shares at the conversion price of HK$0.01 per conversion Share (subject to adjustments pursuant to the terms and conditions of the convertible bonds).

Consideration of the Transaction

The Consideration of the Transaction is HK$24,000,000 and will be payable by CCT Fortis to the Company. The Consideration will be satisfied by way of set-off of the Loan on the Completion Date.

The Consideration was determined after arm's length negotiation between the parties to the Transaction, based on the consolidated net assets of the Target Group in the amount of approximately HK$24 million as at 30 April 2016 and taking into consideration the historical financial performance of the Target Group and the respective benefits to be derived by the Group from the Transaction as set out in the section headed "Reasons for and benefits of the Transaction" of this circular.

The Target Group recorded audited consolidated net profit after tax of HK$2.6 million and HK$1.8 million for each of the years ended 31 December 2014 and 2015, respectively. The Consideration represented a price/earning ratio of approximately 13 times, based on the consolidated net profit after tax of the Target Group for the financial year ended 31 December 2015. In the view of the above, the Directors consider that the Consideration to be fair and reasonable to the Company, on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Conditions precedent of the Agreement

Completion is conditional upon the fulfillment or waiver of the following conditions precedent:

(a) the warranties given by CCT Global under the Agreement remaining true and accurate and not misleading;

(b) the warranties given by CCT Fortis under the Agreement remaining true and accurate and not misleading;

(c) the approval by the Independent Shareholders at the SGM of the Transaction and the Manufacturing Transactions having been obtained;

(d) consent having been obtained from the Executive in respect of the Transaction and the Manufacturing Transactions and such consent not having been revoked at Completion; and

(e) all necessary consents from third parties (including governmental or official authorities and any other third parties), if any, in connection with the transactions contemplated under the Agreement having been obtained by CCT Global and no statute, regulations or decision which would prohibit, restrict or materially delay the sale and purchase of the Sale Share having been proposed, enacted or taken by any governmental or official authority.

CCT Fortis will have the right to waive the conditions precedent set out in paragraphs (a) and (e) above at any time by notice in writing to CCT Global. CCT Global will have the right to waive the condition precedent in paragraph (b) above at any time by notice in writing to CCT Fortis. Up to the Latest Practicable Date, none of the above conditions precedent has been fulfilled or waived.

In the event that any of the conditions precedent will not have been fulfilled or waived on or before the Long Stop Date, the Agreement will cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

Completion

Completion of the Transaction will take place at no later than 5:00 p.m. on the Completion Date (or such later date as the parties to the Agreement may agree in writing).

Upon Completion, all the members of the Target Group will (i) cease to be subsidiaries of the Company, and (ii) will be accounted for as subsidiaries of CCT Fortis.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is an investment holding company and the Target Group is principally engaged in the trading and sale of the Child Products. All the Child Products are sold to independent third parties, which are international household brands and major distributors of Child Products. All of the Child Products traded by the Target Group are currently manufactured by the CCT Tech Group.

The Child Product Trading Business is currently carried on by Wiltec Industries and Wiltec Industrial, which are direct subsidiaries of the Target Company.

The key financial information of the Target Group is summarized as follows:

Target Group	**For the year ended 31 December 2014** *HK$ million* (audited)	**For the year ended 31 December 2015** *HK$ million* (audited)
Consolidated profit before tax	2.7	2.2
Consolidated profit after tax	2.6	1.8

Target Group	**As at 30 April 2016** *HK$ million* (audited)
Consolidated total assets	44
Consolidated net assets	24

As the Consideration is determined based on the audited carrying value of the consolidated net assets of the Target Group as at 30 April 2016, no significant gain or loss is expected to be recognised by the Company as a result of the Transaction. As the Consideration will be satisfied by way of set-off of the Loan on the Completion Date, accordingly, there will not be any cash sale proceeds available to the Company resulting from the Transaction.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in: (i) the manufacturing and sale of telecom, electronic and Child Products; (ii) the Child Product Trading Business through the Target Group, (iii) development and sale of residential and commercial properties in the PRC mainland; and (iv) internet finance business. The performance of the manufacturing business has been adversely affected by the sluggish recovery of its major markets, rising labour costs in China due to shortage of labour and severe competition. The Child Product Trading Business has also been affected by the difficult and challenging environment which is driven by slowing global economy and keen competition. The Directors expect that the operating environment of the

Child Product Trading Business will remain uncertain and difficult going forward. The CCT Tech management expects it will be difficult to grow the business under the existing traditional sales channel. In order to combat the current difficult situation, the CCT Tech management expects that significant investment may be required to restructure the trading business and expand and grow its business and sales channels. As such, the Directors decide to sell the Target Group to the CCT Fortis Group. After completion of the Transaction, the CCT Tech Group will continue to manufacture and supply the Child Products to the Target Group pursuant to the terms and conditions of the Manufacturing Agreement.

The Company has been informed by the CCT Fortis Directors that the CCT Fortis Group plans to enter into e-commerce business, providing business-to-business ("**B2B**") and business-to-consumer ("**B2C**") sales services via internet. It is investing money into and is in the process of establishing an online shopping platform in Hong Kong, targeting the huge and fast-growing online shopping business in China. One of the major line of products to be launched and sold through the online sales platform to be established by the CCT Fortis Group will be the Child Products currently traded by the Target Group. As China has formally abolished the one-child policy in 2015, the CCT Fortis Group considers that the birth rate in China is expected to rise in the near future and as a result, the demand for Child Products with high quality and safety is expected to rise in the coming years. The CCT Fortis Group intends to design and develop more child products cater for the enormous Chinese market and intends to sell the Child Products to consumers through the online shopping platform and as such expand the Child Product Trading Business into the huge and fast-growing B2C online business.

The Directors are of the view that the Transaction will result in the following benefits to the Group:

1. The Transaction will enable the Group to save the efforts and possible investment to restructure and grow the Child Product Trading Business without any significant adverse impact on its revenue. It is expected that the Group will increase its manufacturing revenue through the Manufacturing Transactions as the Company expects CCT Fortis Group to grow the Child Product Trading Business through its internet sales platform.

2. The Directors do not expect that the Transaction will have any material adverse impact on the financial performance of the Group as the CCT Tech Group will continue to manufacture and supply the Child Products to the Target Group under the Manufacturing Agreement. The Directors anticipate that the manufacturing revenue of the CCT Tech Group may improve as sales of the Child Products will grow through online sales platform of the CCT Fortis Group. The Company expects that the Group's sales to existing customers under traditional sales channels will be converted by the CCT Fortis Group into B2B online sales, which is considered to be a more efficient channel to promote and conduct sale of the Child Products to global distributors and retailers. Furthermore, the Company understands that the CCT Fortis Group intends to sell the Child Products directly to consumers through online B2C platform, targeting at the huge and rapid growing Chinese online shopping market. As such, the Directors believe that CCT Tech Group's sales of the Child Products will grow through the CCT Fortis Group's online sales platform.

3. The CCT Fortis Group will continue to sell the Child Products to the existing customers of the Target Group and will convert the existing sales into B2B online sales. As such, it is not expected that the manufacturing revenue of the Group will decrease as a result of the Transaction. The Company has been informed by CCT Fortis that the CCT Fortis Group has decided to enter into the e-commerce business irrespective of the Transaction and it has already started development of the online sales platform. CCT Fortis has also informed the Company that it is expected that the online sales platform will be ready for launching after completion of the Transaction. As such, it is expected that sales of the Child Products will increase as a result of the additional online sales platform of CCT Fortis and its intention to launch new Child Products with Bluetooth function which the Company has been informed by CCT Fortis that it is confident will have good demand in the market.

4. The Consideration will be settled by way of set-off against the Loan at Completion. This will further improve the financial position of the Group.

In light of the benefits above, the Directors (including Mr. Lau Ho Kit, Ivan, being the sole member of the Independent Board Committee, after taking into account the opinion and advice from Gram Capital, and the other independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and the Transaction is on normal commercial term, fair and reasonable, and in the interests of the Company and Shareholders as a whole.

As at the Latest Practicable Date, the Company does not have any plan, arrangement, understanding, intention, negotiation taken place or in-progress on any potential transaction which would involve disposal of the Group's business of manufacturing the Child Products.

FINANCIAL EFFECTS OF THE TRANSACTION

It is not expected that the Transaction will give rise to any material financial effect to the Group after completion of the Transaction. As the Consideration was determined based on the audited net asset value of the Target Group as at 30 April 2016, which represented approximately 1.5% of the audited net asset value of the Group as at 31 December 2015, and the Consideration will be settled by set-off against the Loan, it is not expected that the Transaction will give rise to any significant effect to the profit or loss, financial position or gearing of the Group at Completion. Furthermore, as the CCT Tech Group will continue to manufacture and supply the Child Products to the Target Group under the Manufacturing Agreement after Completion, it is not expected that the Transaction will give rise to any significant adverse impact on the revenue, earnings and working capital of the Group after Completion.

THE MANUFACTURING AGREEMENT AND THE MANUFACTURING TRANSACTIONS

The Manufacturing Agreement

Date:	3 August 2016, as amended and supplemented by the Supplemental Manufacturing Agreements
Parties:	(1) CCT Tech Global Holdings Limited (2) CCT Fortis Holdings Limited
Subject matter:	Pursuant to the Manufacturing Agreement, CCT Global will procure its subsidiaries and other subsidiaries of the Company to manufacture and supply the Child Products for CCT Fortis and/or other members of the CCT Fortis Group (which will include the Target Group after Completion) based on orders to be placed by member(s) of the CCT Fortis Group from time to time. The Child Products to be manufactured by the Group will be manufactured in accordance with the specifications and requirement of the CCT Fortis Group.
Conditions precedent:	The Manufacturing Agreement, the Manufacturing Transactions and the Caps are conditional upon: (a) the passing by the Independent Shareholders at the SGM with CCT Fortis and its associates abstaining from voting at the SGM of an ordinary resolution(s) approving (1) the Transaction; (2) the Manufacturing Transactions; and (3) the Caps; (b) consent having been obtained from the Executive in respect of the Transaction and the Manufacturing Transactions and such consent not having been revoked; and (c) CCT Global having fully complied with all other rules and regulations under the Listing Rules that are relevant to the proposed arrangements under the Manufacturing Agreement and the Manufacturing Transactions.

If the above conditions precedent are not fulfilled on or before 15 October 2016 (or such later date as may be agreed between CCT Global and CCT Fortis in writing), the Manufacturing Agreement will cease to be of force and effect and the parties hereto will be released from all obligations thereunder.

Term: The Manufacturing Agreement has a fixed initial term of not exceeding three (3) years as provided under Rule 14A.52 of the Listing Rules. It will be effective as from the Completion Date, after all the conditions precedent have been fulfilled and will continue until 31 December 2018 (the "**Expiry Date**"). Neither party has any right to terminate the Manufacturing Agreement prior to the Expiry Date without cause. Both parties may mutually renew the Manufacturing Agreement in writing at least six months prior to the Expiry Date for another three (3) years subject to compliance with the Listing Rules.

Price and terms of payment: In respect of the transactions contemplated under the Manufacturing Agreement, the price of the Child Products to be manufactured and supplied by the Group to the CCT Fortis Group will be determined on a case-by-case basis. The parties to the Manufacturing Agreement will take into account the following non-exhaustive factors in determining the price of each Child Product model payable by the CCT Fortis Group:

(a) The sale price in respect of specific models of the Child Products payable by the CCT Fortis Group to the Group (the "**Sale Price**") will be the higher of the prices determined under the following two bases:

(i) the sum of the direct material costs of each specific model of the Child Products plus a mark-up of up to two hundred fifty percent (250%) of the direct material costs (the "**Cost-plus Basis**"); and

(ii) the selling prices for specific models of the Child Products that the CCT Fortis Group sells to independent third party distributors or retailers (the "**Third Party Prices**") less a discount of up to ten percent (10%), which discount is intended to cover the product development costs, sales and marketing costs, the customer's credit risk, administrative costs and profit margin of the Child Products Trading Business;

(b) the projected orders that are to be placed by the CCT Fortis Group in respect of the relevant Child Product model for each calendar year;

(c) the degree of complexity in the manufacturing process of the Child Product model; and

(d) the logistics involved in the delivery of the finished Child Products from the manufacturing facilities of the Group to the CCT Fortis Group, where applicable.

The CCT Fortis Group will provide documentary evidence (such as sales quotation and sales invoices) to the Group to support the Third Party Prices.

The Company expects that the Sale Price determined on the aforesaid basis will exceed the total manufacturing costs of the Child Products. Furthermore, as the determination of the Sale Price will take into account both the costs and Third Party Prices of the Child Products, the Company considers that the pricing terms and policies under the Manufacturing Agreement are on normal commercial terms and fair and reasonable to the Company and its Independent Shareholders.

	The amount of the Sale Price for the Child Products will be payable by the CCT Fortis Group by cheque, bank transfer or by deposit directly by member(s) of the CCT Fortis Group into the designated bank accounts of the member(s) of the Group, and unless otherwise agreed, will be payable within 75 days from the date of monthly statements which set out the outstanding invoices. The terms of payment are comparable to or not worse than those credit terms granted to the independent third party customers of the Group.
Priority of Purchase:	The CCT Fortis Group will give priority to the Group in the manufacturing and supplying of the Child Products. In the event that the Group rejects any purchase order for the Child Product(s) from the CCT Fortis Group because the Sale Price offered is not satisfactory to the Group, the CCT Fortis Group cannot purchase the Child Product(s) from any other parties at a price lower than the Sale Price offered to the Group. In this connection, the CCT Fortis Group is required to provide purchase orders and invoices to evidence that the price of its purchasing (if any) from other manufacturers or suppliers is not less than the Sale Price offered to the Group.

INTERNAL CONTROL MEASURES RELATING TO THE MANUFACTURING TRANSACTIONS

The Group has adopted the following internal control procedures over the Manufacturing Transactions, including the pricing of the Child Products:

Before entering into a transaction under the Manufacturing Transactions, the sales and marketing department of Group will negotiate on the provisional Sale Price of the specific model of the Child Products with the CCT Fortis Group, and the manufacturing departments of the Group would review and check whether the Sale Price is fair and reasonable adhering to the pricing terms and details set out in the Manufacturing Agreement. In the event that the Sale Price for a specific purchase order for a model of the Child Products is not in compliance with the pricing terms set out in the Manufacturing Agreement, the Group is entitled to reject such purchase order from the CCT Fortis Group. In reviewing whether the Sale Price is in accordance with the pricing terms under the Manufacturing Agreement, the Company will request the CCT Fortis Group to provide documentary evidence (such as sales quotation and sales invoices) to the Group to support the Third Party Prices. In addition to reviewing the Sale Price before entering into a transaction under the Manufacturing Transactions or where the pricing terms under the Manufacturing Agreement for a specific model of Child Products are applied for the first time or the pricing terms are different from those used previously, the accounting department of the Group will review the aforesaid works carried out by the sales and marketing department and the manufacturing departments on a quarterly basis.

The accounting department of the Company is primarily responsible to review and monitor the Manufacturing Transactions ensuring that the annual caps of the Manufacturing Transactions are not exceeded and the Manufacturing Transactions have been conducted in accordance with the pricing policies or mechanisms under the Manufacturing Agreement. The accounting department of the Company will consult with the Group's internal audit function (responsible for reviewing the effectiveness of the Group's enterprise risk management and internal controls system) in respect of continuing connected transaction compliance issues, which will report annually to the audit committee of the Company and the audit committee will consider and confirm that the continuing connected transactions of the Company which are subject to the annual review and disclosure requirements under the Listing Rules have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the Manufacturing Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and that the Group's internal control procedures applicable to continuing connected transactions are adequate and effective to ensure that such transactions were so conducted.

Further internal control measures of the Group in compliance with the annual review requirements under Chapter 14A of the Listing Rules during the term of the Manufacturing Agreement in relation to the Manufacturing Transactions are also set out in the section titled "MEASURES TO ENSURE COMPLIANCE WITH THE LISTING RULES IN RELATION TO THE MANUFACTURING TRANSACTIONS" of this Circular.

In view of the above, the Group considers that adequate internal control measures are in place to ensure that the transactions under the Manufacturing Agreement will be conducted, and the price of the Child Products will be fixed under the Manufacturing Agreement, on normal commercial terms and is fair and reasonable to the Company and its Independent Shareholders.

REASONS FOR AND THE BENEFITS TO BE DERIVED BY THE COMPANY FROM THE MANUFACTURING TRANSACTIONS

The Group is engaged in the manufacturing and sale of telecom, electronic and Child Products. After completion of the Transaction, the Child Product Trading Business will be transferred to the CCT Fortis Group. The Manufacturing Agreement and the Manufacturing Transactions will enable the CCT Tech Group to continue to manufacture and supply the Child Products to the CCT Fortis Group after completion of the Transaction and enjoy the possible growth of manufacturing business through online sales platform to be established by the CCT Fortis Group.

After the Transaction, it is expected the Group will only sell the Child Products to the CCT Fortis Group through the Manufacturing Transactions, as the Group currently does not have plans to seek other customers for the Child Products. Nevertheless, the Directors consider that such arrangement is fair and reasonable and beneficial to the Company and the Shareholders as a whole, as it is expected to bring about the benefits set out in the section entitled "REASONS FOR AND BENEFITS OF THE TRANSACTION" for the Group, which the Group will not otherwise be able to enjoy without the entering into of the Transaction and the Manufacturing Agreement or by only disposing of the Target Company without entering into the Manufacturing Agreement. In addition, given the pricing terms of the Manufacturing Agreement and that the Manufacturing Agreement allows the Group to turn down purchase orders in the event the Sale Price offered is not in compliance with the pricing terms of the Manufacturing Agreement, the Directors do not expect the entering into of the Manufacturing Agreement or the continuation of the manufacturing and sale of the Child Products to cause any negative impact on the Group's financial performance. In particular certain current costs related to such business will cease to be incurred by the Group, including marketing, staff, product design and development costs relating to the Child Products. Furthermore, it is expected that the average production costs of the Child Products may reduce as the volume of the Manufacturing Transactions may grow through the e-commerce sale platform and the marketing effort of the CCT Fortis Group. Such benefits would not have been available if the Manufacturing Agreement had not been entered into.

Under the terms of the Manufacturing Agreement, the CCT Fortis Group is required to give priority to the Group in the manufacturing and supplying of the Child Products. In the event that the Group rejects any purchase order for a model of the Child Product from the CCT Fortis Group on the basis that the Sale Price offered is not in compliance with the pricing terms set out in the Manufacturing Agreement, the CCT Fortis Group cannot purchase the model of the Child Product from any other parties at a price lower than the Sale Price offered to the Group for the Child Product. These provisions in the Manufacturing Agreement will enable the Group to negotiate and obtain the best possible Sale Price acceptable to the Group (in accordance with the pricing terms) and discourage the CCT Fortis Group from sourcing the Child Products from other parties. At the same time, the Group is not obliged to sell the Child Products only to the CCT Fortis Group. If the Group wishes to reduce the reliance on CCT Fortis Group after completion of the Transaction, it may seek new customers and sell the Child Products to independent third parties, subject to its analysis on the costs and benefits for seeking such new customers.

Additionally, the Manufacturing Agreement cannot be early terminated prior to the Expiry Date on 31 December 2018. In addition, as parties to the Manufacturing Agreement may agree on the renewal of the Manufacturing Agreement at least six months before the Expiry Date. Given the aforesaid, the Directors consider that the risk of the termination of the Manufacturing Agreement prior to the Expiry Date will be minimum and that the Group will have sufficient time to mitigate or minimize the impact that may arising from termination of the Manufacturing Agreement on the Expiry Date without renewal.

In the event that the Manufacturing Agreement is terminated prior to the Expiry Date or was not renewed, the Directors are confident in the product quality and cost competitiveness of the Group's manufacturing operations and its strong reputation through its long history in the manufacturing sector, that the Group will be able to seek new customers and to sell the Child Products to independent third parties should the Group wishes to continue with such business. In the unlikely event of termination of the Manufacturing Agreement prior to the Expiry Date, the Directors expect that, having taking into account the abovementioned terms of the Manufacturing Agreement and the historical transactional amount of Manufacturing

Transactions as further set out in the section entitled "HISTORICAL FIGURES FOR THE MANUFACTURING TRANSACTIONS" of this circular, the Group's overall revenue per year will decrease by approximately 18.4%. This assumes that the Manufacturing Transactions' revenue as a percentage of the Group's revenue for a given financial year during the term of the Manufacturing Agreement will remain at 18.4%, being the historical revenue of the Manufacturing Transactions as a percentage of the Group's total revenue for the year ended 31 December 2015 and that the Group will not be able to source any alternate customers to replace the Group's revenue which may be lost in the unlikely event of an early termination of the Manufacturing Transactions (an unlikely event). In view of the aforesaid, the Directors consider that the risk and the impact on the Company's financial results arising from the early termination of the Manufacturing Agreement is very minimum.

The Directors consider that the Manufacturing Transactions contemplated under the Manufacturing Agreement are entered into, and will continue to be entered into, in the usual and ordinary course of businesses of the Group. They also consider that the terms of the Manufacturing Agreement have been negotiated and will be conducted on an arm's length basis and on normal commercial terms.

Based on the above, the Directors (including Mr. Lau Ho Kit, Ivan, being the sole member of the Independent Board Committee, after taking into account the opinion and advice from Gram Capital, and the other independent non-executive Directors) are of the view that the terms of the Manufacturing Agreement are on normal commercial terms and the Manufacturing Transactions are on normal commercial term, fair and reasonable, and in the interests of the Company and Shareholders as a whole.

HISTORICAL FIGURES FOR THE MANUFACTURING TRANSACTIONS

The financial information regarding the manufacturing and supply of the Child Products by the CCT Tech Group to the Target Group for each of the two years ended 31 December 2014 and 2015 and for the seven months ended 31 July 2016 is set out as follows:

Financial period/year	**Historical amount of the Manufacturing Transactions** *HK$ million*
Year ended 31 December 2014	159
Year ended 31 December 2015	149
Seven months ended 31 July 2016	100

CAPS AMOUNT FOR THE MANUFACTURING TRANSACTIONS

Pursuant to the Manufacturing Agreement, the aggregate value of the Child Products to be sourced from the Group by the CCT Fortis Group under the Manufacturing Agreement will not exceed the following respective Caps:

(a) in respect of the period from the Completion Date to 31 December 2016 (estimated to be the period which is the peak shipment season of the year): HK$50 million;

(b) in respect of the financial year ending 31 December 2017, HK$190 million; and

(c) in respect of the financial year ending 31 December 2018, HK$250 million.

The Caps for the period from the Completion Date to 31 December 2018 are determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

(i) the historical inter-company sales of the Child Products by the CCT Tech Group to the Target Group;

(ii) the expected development by the CCT Fortis Group of more Bluetooth-enabled baby and infant products to meet the surging demand of electronic child products in the market;

(iii) the expected growth in business through the online sales platform of the CCT Fortis Group especially in the online B2C sales; and

(iv) the expected increase in demand of the Child Products in PRC mainland as a result of abolishment of the one-child policy.

The Company's projected sales amount of the Child Products by the CCT Tech Group to the Target Group used for the purposes of determining the Caps for the period from the Completion Date to 31 December 2018 are further determined by applying the following assumptions:

(a) sales growth rate of 7% for 2016 compared with the 2015 historical sales amount

In arriving at the above assumption, the Directors took into consideration (i) the historical sales growth rate of 16% for the six month period ended 30 June 2016 compared with the comparable six-month period ended 30 June 2015 (which was driven by the short-term action of certain customers to replenish inventory), and (ii) the expected lower sales growth for the six-month period ended 31 December 2016 due to the absence of the aforesaid inventory replenishment by the customers. Shareholders may refer to the section headed "Financial Review — Analysis by business segment" of the Company's 2016 interim results announcement dated 26 August 2016 for further details of the aforesaid.

(b) sales growth rate of 14% for 2017 compared with the 2016 projected sales amount

In arriving at the above assumption, the Directors took into consideration (i) an expected continue increase in sales due to expected introduction of new products by the Child Product Trading Business and an expected increase in the efficiency of B2B sales channel, which is expected to contribute to a sales growth rate of 7%, and (ii) an expected additional increase in sales of approximately HK$8 million attributable to the opening up of the online sales channel by the Child Product Trading Business, which is expected to contribute to an additional sales growth rate of 7%. The projected online sales of HK$8 million is determined with reference to the expected growth in sales of Target Group due to the expected opening up of the online sales channel, and the optimistic online retail industry outlook, as evidenced by the research report published by the China Internet Network Information Center ("**CNNIC**") in June 2016, which stated that the PRC online retail turnover reached RMB3,880 billion in 2015, representing a year-on-year increase of 33.3%. (Please see note below)

(c) sales growth rate of 20% for 2018 compared with the 2017 projected sales amount

In arriving at the above assumption, the Directors took into consideration (i) an expected continue increase in sales due to the expected efforts by CCT Fortis Group to gain more market share and introduce more new products, which is expected to contribute to a sales growth rate of 10%, and (ii) an expected additional increase in sales of approximately HK$19 million attributable to the expected increased sales via online sales channel by the Child Product Trading Business, which is expected to contribute to an additional sales growth rate of 10%. The projected additional online sales of HK$19 million is determined with reference to the expected growth in sales of Target Group due to the expected further growth in sales of the online sales channel of CCT Fortis Group and the optimistic online retail industry outlook, as evidenced by the research report published by the CNNIC in June 2016, which stated that the PRC online retail turnover reached RMB3,880 billion in 2015, representing a year-on-year increase of 33.3%. (Please see note below).

(d) additional buffers in terms of sales growth rate of 5% for 2017 and 10% for 2018, respectively, which buffers have taken into account of estimated inflation rate of 3% per annum and some buffers for possible underestimation of the sales growth rate.

Note: Based on public information available on CNNIC's website (www.cnnic.net.cn), CNNIC is an administration and service organization set up in 1997 upon the approval of the competent authority with the following major responsibilities: (i) operation, administration, and service organization of national network fundamental resources; (ii) research, development and security center of national network fundamental resources; (iii) research and consulting services driving force for internet development; and (iv) platform for internet open cooperation and technical exchange.

Based on the above assumptions and analysis, the Directors consider the Caps are determined on a reasonable basis.

MEASURES TO ENSURE COMPLIANCE WITH THE LISTING RULES IN RELATION TO THE MANUFACTURING TRANSACTIONS

In compliance with the annual review requirements under Chapter 14A of the Listing Rules, the Company will comply with the following requirements during the term of the Manufacturing Agreement in relation to the Manufacturing Transactions:

(i) the independent non-executive Directors will review annually the Manufacturing Transactions and confirm in annual report of the Company whether the Manufacturing Transactions have been entered into (a) in the ordinary and usual course of business of the Group, (b) on normal commercial terms or better, and (c) according to the Manufacturing Agreement governing the Manufacturing Transactions on terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole;

(ii) the auditors of the Company will provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) annually confirming whether anything has come to their attention that causes them to believe that (a) the Manufacturing Transactions have not been approved by the Board, (b) were not entered into, in all material respects, in accordance with the Manufacturing Agreement governing the Manufacturing Transactions, and (c) have exceeded the Caps;

(iii) the Company will allow the auditors of the Company with sufficient access to the relevant records of the Manufacturing Transactions for the purpose reporting on the Manufacturing Transactions; and

(iv) the Company will promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters set out in paragraphs (i) and/or (ii) above.

INFORMATION ON CCT GLOBAL, THE COMPANY AND THE GROUP

CCT Global is a direct wholly-owned subsidiary of the Company and is engaged in investment holding. The Company is the holding company of the Group. As at the Latest Practicable Date, the Group was principally engaged in: (i) design and development, manufacturing and sale of telecom, electronic, and Child Products; (ii) the Child Product Trading Business through the Target Group; (iii) development and sale of residential and commercial properties in the PRC; and (iv) the internet finance business.

INFORMATION ON CCT FORTIS AND THE CCT FORTIS GROUP

As at the Latest Practicable Date, CCT Fortis holds indirectly a total of 14,000,000,000 Shares, representing approximately 10.43% of the total number of Shares. In addition, CCT Fortis holds indirectly the convertible bonds of the Company with the principal amount of HK$495,671,000, which are convertible into 49,567,100,000 Shares at the conversion price of HK$0.01 per conversion Share (subject to adjustments pursuant to the terms and conditions of the convertible bonds).

CCT Fortis is the holding company of the CCT Fortis Group, which is principally engaged in the following activities as at the Latest Practicable Date:

(a) property development and property trading in Hong Kong;
(b) property investment and holding;
(c) manufacture and sale of plastic components;
(d) the securities business;
(e) investment in classic cars;
(f) sale and trading of classic cars;
(g) cultural entertainment business;
(h) other operations which comprise supporting service operations and start-up business; and
(i) new business of e-commerce and trading of industrial products.

LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

Listing Rules Implications

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Transaction for the Company exceeds 5% and all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

As Mr. Mak is the chairman, an executive Director, and chief executive officer of the Company, he is a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Mak holds approximately 52.10% of the existing total number of issued CCT Fortis Shares and as such CCT Fortis is an associate of Mr. Mak and is also a connected person of the Company under the Listing Rules. The Transaction therefore constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting and announcement requirements and the approval of the Independent Shareholders by way of poll at the SGM. CCT Fortis and its associates will abstain from voting in respect of the resolution(s) to approve the Transaction at the SGM.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Manufacturing Transactions for the Company is more than 25% on an annual basis and the annual consideration for the Manufacturing Transactions is expected to be more than HK$10,000,000, the Manufacturing Transactions constitute a non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting and announcement requirements and the approval by the Independent Shareholders by way of poll at the SGM. CCT Fortis and its associates will abstain from voting in respect of the resolution(s) to approve the Manufacturing Transactions and the Caps at the SGM.

Takeovers Code Implications

Reference is made to the First Relevant Announcement relating to the Proposal. The Company on 20 June 2016 received the Proposal from Poly International Investments Limited, pursuant to which Poly International Investments Limited intends to apply, together with a partner, funds of HK$1.4 billion in aggregate to subscribe for new Shares. If the aforesaid proposed subscription proceeds to completion, Poly International Investments Limited and its partner (the "**Proposers**") intend to hold in aggregate more than 50% of the enlarged issued share capital of the Company. Completion of the proposed subscription under the Proposal will be subject to a number of conditions precedent which will include, among others, (i) approval of Independent Shareholders of the issue of the new Shares to be issued to the Proposers and a waiver (the "**Whitewash Waiver**") of the Executive from the obligations of the Proposers to make a mandatory general offer as a result of the proposed subscription under the Proposal for all the Shares not already owned or agreed to be acquired by the Proposers and the respective parties acting in concert with them under Rule 26 of the Takeovers Code; and (ii) the Executive having granted the Whitewash Waiver in respect of the proposed subscription under the Proposal and the Whitewash Waiver not having been revoked. If the conditions precedent which include, among others, the aforesaid Independent Shareholders' approval and the grant of the Whitewash Waiver by the Executive are not fulfilled, the proposed subscription under the Proposal will not proceed.

As at the Latest Practicable Date, the Board is still reviewing and considering the Proposal and no definitive subscription agreement has been entered into with respect to the Proposal.

As at the Latest Practicable Date, CCT Fortis holds indirectly a total of 14,000,000,000 Shares, representing approximately 10.43% of the total number of Shares. In addition, CCT Fortis holds indirectly the convertible bonds of the Company with the principal amount of HK$495,671,000, which are convertible into 49,567,100,000 Shares at the conversion price of HK$0.01 per conversion Share (subject to adjustments pursuant to the terms and conditions of the convertible bonds). Assuming all the convertible bonds were converted by the CCT Fortis Group at the conversion price of HK$0.01 per conversion Share on the Latest Practicable Date, CCT Fortis would hold indirectly 63,567,100,000 Shares, representing approximately 34.58% of the total number of issued Shares as enlarged by the issue and allotment of the conversion Shares.

Given that CCT Fortis is a Shareholder, each of the Transaction and the Manufacturing Transactions constitute a special deal under to Rule 25 of the Takeovers Code and require the consent of the Executive. Such consent, if granted, will be subject to (i) the independent financial advisor to the Independent Board Committee publicly stating that in its opinion, the terms of the Transaction and the Manufacturing Transactions are fair and reasonable; and (ii) the approval of the Transaction and the Manufacturing Transactions by the Independent Shareholders, being Shareholders who are not involved in or interested in the Transaction and/or the Manufacturing Transactions, by way of poll at the SGM.

The Company has made an application to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Transaction and the Manufacturing Transactions.

GENERAL

As Mr. Mak is a Director and a director of CCT Fortis in which he holds a controlling interest, he is deemed to have a material interest in the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps in the perspective of the Company. As such, he has to abstain and he did abstain from voting on the resolution(s) of the Board approving the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps. Save as aforesaid, none of the Directors (other than Mr. Mak) has any material interest in the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps and therefore none of the other Directors abstained from voting on the resolution(s) of the Board approving the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps.

As Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny are common independent non-executive directors of the Company and CCT Fortis, Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny are not eligible to act as a members of the Independent Board Committee to advise on the terms of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps. The Independent Board Committee comprising solely of Mr. Lau Ho Kit, Ivan who is an independent non-executive Director and who has no material interest in the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps, has been formed to advise the Independent Shareholders as to whether or not the terms of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. The Company has appointed Gram Capital as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

A notice convening the SGM to be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Friday, 14 October 2016 at 10:00 a.m. is set out on pages 88 to 90 of this circular. At the SGM, an ordinary resolution(s) will be proposed and, if thought fit, passed to approve the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps.

A form of proxy for use by the Independent Shareholders at the SGM is enclosed herein. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event, not later than 48 hours before the time appointed for holding the SGM or at any adjournment thereof (as the case may be). Such form of proxy for use at the SGM is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cctland.com/eng/investor/statutory.php). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand a poll on the resolution put forward at the SGM pursuant to bye-law 70 of the bye-laws of the Company. As at the Latest Practicable Date, CCT Fortis holds indirectly a total of 14,000,000,000 Shares, representing approximately

10.43% of the total number of Shares, through which CCT Fortis controls the voting rights of those Shares, together with its associates will abstain from voting in respect of the resolution(s) to approve the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps at the SGM. An announcement on the poll results of the SGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cctland.com/eng/investor/statutory.php) after the SGM.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 29 to 30 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps; and (ii) the letter of advice from Gram Capital as set out on pages 31 to 55 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps and the principal factors and reasons considerer by it in concluding its advice.

Having considered the factors mentioned above, the Directors (including Mr. Lau Ho Kit, Ivan, being the sole member of the Independent Board Committee, after taking into account the opinion and advice from Gram Capital, and the other independent non-executive Directors) are of the view that the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Shareholders and the Company as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps.

OTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
CCT LAND HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

CCT LAND HOLDINGS LIMITED
（中建置地集團有限公司）
(Incorporated in Bermuda with limited liability)
(Stock Code: 00261)

The Independent Board Committee:
Lau Ho Kit, Ivan

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12 Bermuda

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

27 September 2016

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
AND
SPECIAL DEAL

I refer to the circular of the Company to the Shareholders dated 27 September 2016 (the "**Circular**"), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as given to them in the section headed "Definitions" of the Circular.

I have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Agreement, the Transaction (which constitutes a discloseable and connected transaction for the Company under the Listing Rules), the terms of the Manufacturing Agreement, the Manufacturing Transactions (which constitute continuing connected transactions for the Company under the Listing Rules) and the Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps.

I wish to draw your attention to the letter of advice from the independent financial adviser, Gram Capital, as set out on pages 31 to 55 of the Circular and the letter from the Board as set out on pages 7 to 28 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of Gram Capital as stated in its letter of advice, I consider that the terms of the Agreement, the Transaction, the terms of the Manufacturing Agreement, the Manufacturing Transactions and the Caps are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole. Accordingly, I recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to approve the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps to be proposed at the SGM.

Yours faithfully,
The Independent Board Committee of
CCT LAND HOLDINGS LIMITED
Lau Ho Kit, Ivan
Independent non-executive Director

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction and the Manufacturing Transactions (including the Caps), each of which constitutes a Special Deal for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

27 September 2016

To: The Independent Board Committee and the independent shareholders of CCT Land Holdings Limited

Dear Sirs,

(I) DISCLOSEABLE AND CONNECTED TRANSACTION; (II) CONTINUING CONNECTED TRANSACTION; AND (III) SPECIAL DEAL

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction and the Manufacturing Transactions, each of which constitutes a special deal under Rule 25 of the Takeovers Code ("**Special Deal**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 27 September 2016 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Transaction

On 3 August 2016 (after trading hours of the Stock Exchange), CCT Global (a wholly-owned subsidiary of the Company) and CCT Fortis entered into the Agreement, pursuant to which CCT Global conditionally agreed to sell, and CCT Fortis conditionally agreed to purchase or procure its designated nominee to purchase the Sale Share at a consideration of HK$24,000,000. The Sale Share represents 100% of existing total number of issued share of the Target Company.

The Manufacturing Transactions

On the even date, CCT Global and CCT Fortis entered into the Manufacturing Agreement (as amended and supplemented by the Supplemental Manufacturing Agreements), pursuant to which CCT Global conditionally agreed to cause its subsidiaries and other subsidiaries of CCT

Land to manufacture and supply the Child Products to CCT Fortis and/or other members of the CCT Fortis Group based on orders to be placed by member(s) of the CCT Fortis Group from time to time. The Child Products will be manufactured in accordance with the specifications and requirement of the CCT Fortis Group.

Listing Rules implications

With reference to the Board Letter, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules. The Transaction also constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting and announcement requirements and the approval of the Independent Shareholders by way of poll at the SGM. CCT Fortis and its associates will abstain from voting in respect of the resolution(s) to approve the Transaction at the SGM.

With reference to the Board Letter, the Manufacturing Transactions constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules subject to the reporting and announcement requirements and the approval by the Independent Shareholders by way of poll at the SGM. CCT Fortis and its associates will abstain from voting in respect of the resolution(s) to approve the Manufacturing Transactions and the Caps at the SGM.

Takeovers Code implications

With reference to the Board Letter, each of the Transaction and the Manufacturing Transactions constitutes a special deal under Rule 25 of the Takeovers Code and require the consent of the Executive. Such consent, if granted, will be subject to (i) Gram Capital publicly stating that in its opinion, the terms of the Transaction and the Manufacturing Transactions are fair and reasonable; and (ii) the approval of the Transaction and the Manufacturing Transactions by the Independent Shareholders, being the Shareholders who are not involved in or interested in the Transaction and/or the Manufacturing Transactions, by way of poll at the SGM.

As Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny are common independent non-executive directors of both the Company and CCT Fortis, Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny are not eligible to act as a members of the Independent Board Committee to advise on the terms of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps. The Independent Board Committee comprising solely of Mr. Lau Ho Kit, Ivan who is an independent non-executive Director and who has no material interest in the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps, has been formed to advise the Independent Shareholders as to whether or not the terms of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and the Caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the aforementioned matters.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off (i) the opinion letter from the independent financial adviser contained in the circular of the Company dated 3 December 2015 in respect of renewal of continuing connected transactions; and (ii) the opinion letter from the independent financial adviser contained in the circular of CCT Fortis dated 9 March 2016 in respect of major and connected transactions. Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company/CCT Fortis, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Transaction and the Manufacturing Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

The 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 the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CCT Global, the Target Company, CCT Fortis or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction and the Manufacturing Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. The Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

I. THE TRANSACTION

Background of and reasons for the Transaction

Business overview of the Group

With reference to the Board Letter, the Group is principally engaged in: (i) the manufacturing and sale of telecom, electronic and Child Products; (ii) the Child Product Trading Business through the Target Group; (iii) development and sale of residential and commercial properties in the PRC mainland; and (iv) internet finance business.

Set out below are the financial information of the Group for the two years ended 31 December 2015 and the six months ended 30 June 2016 as extracted from the annual report of the Company for the year ended 31 December 2015 (the "**2015 Annual Report**") and from the interim report of the Company for the six months ended 30 June 2016 (the "**2016 Interim Report**"):

	For the year ended 31 December 2014	**For the year ended 31 December 2015**	**For the six months ended 30 June 2016**	**Change from FY2014 to FY2015**
	HK$' million	*HK$' million*	*HK$' million*	*%*
Revenue	1,034	810	317	(21.66)
— Telecom and electronic products	*798*	*538*	*178*	*(32.58)*
— Trading of child products	*171*	*159*	*87*	*(7.02)*
— Property development	*65*	*113*	*49*	*73.85*
— Internet finance business	*—*	*—*	*3*	*N/A*
Gross Profit	43	69	15	60.47
Loss for the year/period	(53)	(74)	(31)	39.62

As illustrated by the above table, the Group recorded a decrease of approximately 21.66% in revenue for the year ended 31 December 2015 ("**FY2015**") as compared to the year ended 31 December 2014 ("**FY2014**"). With reference to the 2015 Annual Report, such decrease was mainly due to decline in the sales of the telecom products, offset partly by increase in property sales in the PRC. Gross profit of the Group for FY2015 rose by approximately 60.47% as compared to FY2014, mainly attributable to the improvement in efficiency, cost savings and lower component costs. The loss of the Group for FY2015 was increased by approximately 39.62%, mainly due to the substantial reduction in other income.

With reference to the 2015 Annual Report, the Group will strive to combat all challenges and try to turn around its manufacturing business. The CCT Tech Group will continue to improve its efficiency and competitiveness and will continue to cut costs. To capitalise the Group's strength in research and development and its manufacturing capability, the Group will develop and launch more Bluetooth linkage products and will also expand its contract manufacturing basis business.

With reference to the 2016 Interim Report, the Group will continue to explore other business and investment opportunities to broaden the Group's revenue and to enhance value to the Shareholders. The management of the Company considers that it is difficult to grow the Child Products Trading Business under the existing traditional sales channel and so entered the Agreement with CCT Fortis on 3 August 2016. The Group will develop the internet finance business according to plans and is expected that the Chinese authorities will introduce more rules and measures to regulate this new business sector. The Group will observe and comply with any new rules and regulations which are applicable to this business operation and welcome a healthy development of the internet finance industry.

As advised by the Directors, for the Group's mainland property business, the Group will continue to promote its brand value and pursue property quality and service excellence. The Group will capture any market rebound and will launch innovative sale and promotion activities to boost sales. To align the Group's development strategy with the market changes, the Group plan to start development of Evian Garden (a project located in the Hi-tech Development Zone of Anshan, Liaoning Province, the PRC) in 2016. If the market further improve and property prices rebound, the Group may look for opportunity to replenish its land bank. The Group will also continue to explore and seek new business opportunities to broaden its revenue base and improve its profitability.

Information on the Target Group

With reference to the Board Letter, the Target Company is an investment holding company and the Target Group is principally engaged in the trading and sale of the Child Products. All the Child Products are sold to independent third parties, which are international household brands and major distributors of Child Products. All of the Child Products traded by the Target Group are currently manufactured by the CCT Tech Group. The Child Product Trading Business is currently carried on by Wiltec Industries and Wiltec Industrial, which are direct subsidiaries of the Target Company.

Set out below is the audited consolidated financial information of the Target Group for the three years ended 31 December 2015 and the four months ended 30 April 2016 as extracted from Appendix I to the Circular:

	For the year ended 31 December 2013	**For the year ended 31 December 2014**	**For the year ended 31 December 2015**	**For the four months ended 30 April 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	192,975	172,227	159,087	60,711
Gross profit	10,768	11,413	9,382	2,345
Profit and total comprehensive income attributable to owner of the Target Group	812	2,582	1,780	292

	As at 31 December 2013	**As at 31 December 2014**	**As at 31 December 2015**	**As at 30 April 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total equity	28,815	31,397	28,677	23,969

As depicted from the above table, the revenue of the Target Group for the three years ended 31 December 2015 was in a decreasing trend. The Target Group's gross profit and profit and total comprehensive income attributable to owner of the Target Group also decreased in FY2015 as compared to FY2014. The Target Group's gross profit and profit and total comprehensive income attributable to owner of the Target Group for the four months ended 30 April 2016 represent approximately 24.99% and 16.40% respectively of those for FY2015. As advised by the Directors, the deteriorating profitability of the Target Group is mainly resulting from slow global economy and keen competition.

As advised by the Directors, the total equity of the Target Group was approximately HK$24 million as at 30 June 2016.

Reasons for the Transaction

With reference to the Board Letter, the performance of the manufacturing business has been adversely affected by the sluggish recovery of its major markets, rising labour costs in China due to shortage of labour and severe competition. The Child Product Trading Business has also been affected by the difficult and challenging environment which is driven by slowing global economy and keen competition. The CCT Land Directors expect that the operating environment of the Child Product Trading Business will remain uncertain and difficult going forward. The CCT Tech management expects it will be difficult to grow the business under the existing traditional sales channel. In order to combat the current difficult situation, the CCT Tech management expects that significant investment may be required to restructure the trading business and expand and grow its business and sales channels. As such, the Directors decide to sell the Target Group to the CCT Fortis Group. After completion of the Transaction, the CCT Tech Group will continue to manufacture and supply the Child Products to the Target Group pursuant to the terms and conditions of the Manufacturing Agreement.

The Directors are of the view that the Transaction will result in the following benefits to the Group (the "**Benefits**"): (1) the Transaction will enable the Group to save the efforts and possible investment to restructure and grow the Child Product Trading Business without any significant adverse impact on its revenue. It is expected that the Group will increase its manufacturing revenue through the Manufacturing Transactions as the Company expects CCT Fortis Group to grow the Child Product Trading Business through its internet sales platform; (2) the Directors do not expect that the Transaction will have any material adverse impact on the financial performance of the Group as the CCT Tech Group will continue to manufacture and supply the Child Products to the Target Group under the Manufacturing Agreement. The Directors anticipate that the manufacturing revenue of the CCT Tech Group may improve as sales of the Child Products will grow through online sales platform of the CCT Fortis Group; (3) the CCT Fortis Group will continue to sell the Child Products to the existing customers of the Target Group and will convert the existing sales into B2B online sales. As such, it is not expected that the manufacturing revenue of the Group will decrease as a result of the Transaction; and (4) the Consideration will be settled by way of set-off against the Loan at Completion. This will further improve the financial position of the Group. Details of the Benefits are set out under the section headed "REASONS FOR AND BENEFITS OF THE TRANSACTION" in the Board Letter.

As advised by the Directors, the CCT Fortis Group plans to enter into e-commerce business, providing business-to-business and business-to-consumer sales services via internet. It is investing money into and is in the process of establishing an online shopping platform in Hong Kong, targeting the huge and fast-growing online shopping business in China. Should the aforesaid development be successful, the manufacturing revenue of the CCT Tech Group will likely to be improved.

With reference to the Board Letter, as the Consideration is determined based on the audited carrying value of the consolidated net assets of the Target Group as at 30 April 2016, no significant gain or loss is expected to be recognised by the Company as a result of the Transaction. As the Consideration will be satisfied by way of set-off of the Loan on the Completion Date, accordingly, there will not be any cash sale proceeds available to CCT Land resulting from the Transaction.

Having considered the following factors:

(i) the profitability of the Target Group is deteriorating;

(ii) the Transaction will enable the Group to save the efforts and possible investment to restructure and grow the Child Product Trading Business;

(iii) the manufacturing revenue of the CCT Tech Group may improve as sales of the Child Products will grow through online sales platform of the CCT Fortis Group; and

(iv) as the Consideration will be satisfied by way of set-off of the Loan on the Completion Date, the Group's debt position will be eased,

we concur with the Directors that the Transaction is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Agreement

On 3 August 2016 (after trading hours of the Stock Exchange), CCT Global (a wholly-owned subsidiary of the Company) and CCT Fortis entered into the Agreement, pursuant to which CCT Global conditionally agreed to sell, and CCT Fortis conditionally agreed to purchase or procure its designated nominee to purchase the Sale Share. The Sale Share represents 100% of existing total number of issued share of the Target Company.

The Consideration

With reference to the Board Letter, the Consideration of the Transaction is HK$24,000,000 and will be payable by CCT Fortis to CCT Land. The Consideration will be satisfied by way of set-off of the Loan on the Completion Date. The Consideration was determined after arm's length negotiation between the parties to the Transaction, based on the unaudited consolidated net assets of the Target Group in the amount of approximately HK$24 million as at 30 April 2016 and taking into consideration the historical financial performance of the Target Group and the respective benefits to be derived by the Group and the CCT Fortis Group from the Transaction.

Trading multiples analysis

For the purpose of assessing the fairness and reasonableness of the Consideration, we have performed a trading multiples analysis namely the price to earnings ratio ("**PER**") and the price to book ratio ("**PBR**").

We have searched for companies listed in Hong Kong which are engaged in similar line of business as the Target Group, being the trading and sale of the Child Products (including toys), and derive a majority of their turnover from such business based on their respective latest published annual financial information, for comparison. To the best of our knowledge and endeavour, we found that only Haier Healthwise Holdings Limited (stock code: 348) could meet our selection criteria. For this reason, we have extended our search to include companies listed in Hong Kong which are engaged in the manufacturing and sale of toys and derive a majority of their turnover from such business based on their respective latest published annual financial information (such companies (as listed below), together with Haier Healthwise Holdings Limited, are defined as the "**Market Comparables**" herein). The Market Comparables are exhaustive and are fair and representative samples. Given that (i) the Child Products include toys; and (ii) the child products industry and the toy products industry are subject to similar market factors, we consider that the Market Comparables are suitable comparables for our analysis. Shareholders should note that the businesses, operations and prospects of the Target Group are not exactly the same as the Market Comparables.

Set out below are the PERs and the PBRs of the Market Comparables based on their closing prices as at the Latest Practicable Date and their latest published financial information:

Company name (Stock code)	**Principal business**	**Year end date**	**PER** *(times)* *(Note 1)*	**PBR** *(times)* *(Note 2)*
Haier Healthwise Holdings Ltd. (348)	Development, engineering, manufacturing and sale of toys, commercial kitchen and consumer electronic products (i.e. the childcare products which mainly include electric sterilizer, baby bottle & food warmer, baby food processor and baby air purifier). Revenue from sale of consumer electronic products (i.e. childcare products) represents the majority of the Company's revenue for the year ended 31 March 2016.	31 March 2016	N/A *(Note 3)*	2.74
Quali-Smart Holdings Ltd. (1348)	Manufacturing and sales of toys; digital publishing, mobile and web application solutions; and securities brokerage, securities margin financing, investment advisory, corporate finance advisory and asset management services. Revenue from manufacturing and sale of toys represents the majority of the Company's revenue for the year ended 31 March 2016.	31 March 2016	N/A *(Note 3)*	1.81

Company name (Stock code)	Principal business	Year end date	PER	PBR
			(times) *(Note 1)*	*(times)* *(Note 2)*
Dream International Ltd. (1126)	Design, development, manufacture and sale of plush stuffed toys, ride-on toys and plastic figures and investment holding. Revenue from manufacturing and sale of plush stuffed and ride-on toys represents the majority of the Company's revenue for the year ended 31 December 2015.	31 December 2015	9.29	1.25
Perfectech International Holdings Ltd. (765)	Manufacture and sale of novelties, decorations and toys products. Revenue from manufacturing and sale of toy products represents the majority of the Company's revenue for the year ended 31 December 2015.	31 December 2015	N/A *(Note 3)*	2.69
Kiu Hung International Holdings Ltd. (381)	Manufacturing and trading of toys and gifts, exploration of natural resources and investment in business related to fruit plantation. The company only generated revenue from the manufacturing and trading of toys and gifts for the year ended 31 December 2015.	31 December 2015	N/A *(Note 3)*	1.17
Matrix Holdings Ltd. (1005)	Manufacturing and trading of toys and lighting products. Revenue from manufacturing and sale of toys represents the majority of the Company's revenue for the year ended 31 December 2015.	31 December 2015	5.83	2.40
Winshine Science Co. Ltd. (209)	Manufacturing and trading of hard and stuffed toys and securities investments. The company only generated revenue from the manufacturing and trading of toys for the year ended 31 December 2015.	31 December 2015	N/A *(Note 3)*	2.00

Company name (Stock code)	Principal business	Year end date	PER *(times)* *(Note 1)*	PBR *(times)* *(Note 2)*
Kader Holdings Co. Ltd. (180)	Manufacture and sale of plastic, electronic and stuffed toys and model trains, property investment and investment holding. Revenue from manufacturing and sale of plastic, electronic and stuffed toys and model trains represents the majority of the Company's revenue for the year ended 31 December 2015.	31 December 2015	5.48	0.41
Herald Holdings Ltd. (114)	Manufacture, sale and distribution of toys, computer products, housewares, clocks, watches and electronic and gift products. Revenue from manufacturing, sale and distribution of toy products represents the majority of the Company's revenue for the year ended 31 March 2016.	31 March 2016	16.54	0.77
Playmates Toys Ltd. (869)	Design, development, marketing and distribution of toys and family entertainment activity products. The company's segment information for the year ended 31 December 2015 was geographical only.	31 December 2015	5.37	1.26
Maximum			**16.54**	**2.74**
Minimum			**5.37**	**0.41**
Average			**8.50**	**1.65**
The Consideration			**13.33** *(Note 4)*	**1.00** *(Note 5)*

Notes:

1. The PERs of the Market Comparables were calculated based on their respective closing price per share as at the Latest Practicable Date, their respective number of issued shares as at the Latest Practicable Date and their respective consolidated profit after tax for the latest financial year.

2. The PBRs of the Market Comparables were calculated based on their respective closing price per share as at the Latest Practicable Date, their respective number of issued shares as at the Latest Practicable Date and their respective latest published consolidated net assets value.

3. The selected companies were loss making during the relevant latest full financial year.

4. The implied PER of the Consideration was calculated based on the amount of the Consideration and the audited consolidated profit after tax of the Target Group for the year ended 31 December 2015.

5. The implied PBR of the Consideration was calculated based on the amount of the Consideration and the unaudited consolidated net assets value of the Target Group as at 30 June 2016.

We noticed from the above table that the PERs of the Market Comparables ranged from approximately 5.37 times to 16.54 times, with an average of approximately 8.50 times. The implied PER of the Consideration falls within the said PER range of the Market Comparables.

We also noticed from the above table that the PBRs of the Market Comparables ranged from approximately 0.41 times to 2.74 times, with an average of approximately 1.65 times. The implied PBR of the Consideration also falls within the said PBR range of the Market Comparables.

Having considered the above, we are of the view that the Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

Taking into account the principal terms of the Agreement as discussed above, we consider that the terms of the Agreement are fair and reasonable and on normal commercial terms.

Possible financial effects of the Transaction

We were advised by the Directors that upon completion of the Transaction, the Group will not have any shareholding interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Hence, the financial results of the Target Group will not be consolidated by the Group following completion of the Transaction.

With reference to the 2015 Annual Report, the total equity of the Group was approximately HK$1,583 million as at 31 December 2015. With reference to the Board Letter, as the Consideration is determined based on the unaudited carrying value of the consolidated net assets of the Target Group as at 30 April 2016, no significant gain or loss is expected to be recognised by CCT Land as a result of the Transaction. Accordingly, the Directors advised us that the Transaction is not expected to have material impact on the total equity of the Group.

With reference to the 2015 Annual Report, the Group's gearing ratio (expressed as total borrowings over total capital employed) was approximately 18.7% as at 31 December 2015. As the Consideration was determined based on the audited net asset value of the Target Group as at 30 April 2016, which represented approximately 1.5% of the audited net asset value of the Group as at 31 December 2015, and the Consideration will be satisfied by way of set-off of the Loan on the Completion

Date, accordingly, (i) there will not be any cash sale proceeds available to CCT Land resulting from the Transaction; and (ii) the gearing ratio of the Group is not expected to be significantly impacted as a result of the Transaction.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon completion of the Transaction.

The Special Deal

Reference is made to the First Relevant Announcement.

For the reasons as set out under the section headed "Takeovers Code implications" of the Board Letter and given that CCT Fortis is a Shareholder, the Transaction constitutes a Special Deal and requires the consent of the Executive. Such consent, if granted, will be subject to (i) Gram Capital publicly stating that in its opinion, the terms of the Transaction are fair and reasonable; and (ii) the approval of the Transaction by the Independent Shareholders, being Shareholders who are not involved in or interested in the Transaction, by way of poll at the SGM.

As confirmed by the Directors, only CCT Fortis had expressed an interest on the Transaction up to the date of the Agreement. The CCT Global and CCT Fortis hence entered into the Agreement with an intention to apply the Consideration to set-off of the Loan. As concluded above, (i) the Transaction is in the interests of the Company and the Shareholders as a whole given the reasons as set forth under the section headed "Reasons for the Transaction" of this letter; and (ii) the terms of the Agreement (the Transaction contemplated thereunder constitutes a Special Deal) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION ON THE TRANSACTION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder, and the respective Special Deal, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

II. THE MANUFACTURING TRANSACTIONS

Reasons for and the benefits to be derived by the Company from the Manufacturing Transactions

With reference to the Board Letter, after completion of the Transaction, the Child Product Trading Business will be transferred to the CCT Fortis Group. The Manufacturing Agreement and the Manufacturing Transactions will enable the CCT Tech Group to continue to manufacture and supply the Child Products to the CCT Fortis Group after completion of the Transaction and enjoy the possible growth of manufacturing business through online sales platform to be established by the CCT Fortis Group.

We understand from the Directors that the CCT Tech Group has been manufacturing and supplying the Child Products to the Target Group. Although the Company entered into the Agreement for the purpose of the Transaction after considering the Benefits of the Transaction as set out under the section headed "Reasons for the Transaction" in this letter, the Manufacturing Transactions can bring the following benefits to the Group:

(i) the CCT Tech Group can continue to manufacture and supply the Child Products to the Target Group without an urgent and immediate need to seek for new independent third party customers;

(ii) the CCT Tech Group can avoid a rapid change in its Child Products line and production process and terms (e.g. change of major customers which may have different product specification and standards, credit terms or customer services); and

(iii) the Group can enjoy the possible growth of manufacturing business through online sales platform to be established by the CCT Fortis Group.

With reference to the Board Letter, after the Transaction, it is expected that the Group will only sell the Child Products to the CCT Fortis Group through the Manufacturing Transactions, as the Group currently does not have plans to seek other customers for the Child Products. Nevertheless, the Directors consider that such arrangement is fair and reasonable and beneficial to the Company and the Shareholders as a whole, as it is expected to bring about the Benefits for the Group, which the Group will not otherwise be able to enjoy without the entering into of the Transaction and the Manufacturing Agreement or by only disposing of the Target Company without entering into the Manufacturing Agreement. In addition, given the pricing terms of the Manufacturing Agreement and that the Manufacturing Agreement allows the Group to turn down purchase orders in the event the Sale Price offered is not in compliance with the pricing terms of the Manufacturing Agreement, the Directors do not expect the entering into of the Manufacturing Agreement or the continuation of the manufacturing and sale of the Child Products to cause any negative impact on the Group's financial performance. In particular certain current costs related to such business will cease to be incurred by the Group, including marketing, staff, product design and development costs relating to the Child Products. Furthermore, it is expected that the average production costs of the Child Products may reduce as the volume of the Manufacturing Transactions may grow through the e-commerce sale platform and the marketing effort of the CCT Fortis Group. Such benefits would not have been available if the Manufacturing Agreement had not been entered into.

Under the terms of the Manufacturing Agreement, the CCT Fortis Group is required to give priority to the Group in the manufacturing and supplying of the Child Products. In the event that the Group rejects any purchase order for a model of the Child Product from the CCT Fortis Group on the basis that the Sale Price offered is not in compliance with the pricing terms set out in the Manufacturing Agreement, the CCT Fortis Group cannot purchase the model of the Child Product from any other parties at a price lower than the Sale Price offered to the Group for the Child Product. These provisions in the Manufacturing Agreement will enable the Group to negotiate and obtain the best possible Sale Price acceptable to the Group (in accordance with the pricing terms) and discourage the CCT Fortis Group from sourcing the Child Products from other parties. At the same time, the Group is not obliged to sell the Child Products only to the CCT Fortis Group. If the Group wishes to reduce the reliance on CCT Fortis Group after completion of the Transaction, it may seek new customers and sell the Child Products to independent third parties, subject to its analysis on the costs and benefits for seeking such new customers.

Additionally, the Manufacturing Agreement cannot be early terminated prior to the Expiry Date on 31 December 2018. In addition, as parties to the Manufacturing Agreement may agree on the renewal of the Manufacturing Agreement at least six months before the Expiry Date. Given the aforesaid, the Directors consider that the risk of the termination of the Manufacturing Agreement prior to the Expiry Date will be minimal and that the Group will have sufficient time to mitigate or minimize the impact that may arising from termination of the Manufacturing Agreement on the Expiry Date without renewal.

In view of the above, we concur with the Directors that entering into the Manufacturing Agreement and the Manufacturing Transactions are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Manufacturing Agreement

The tables below summarise the major terms of each of the Manufacturing Agreement:

Date:	3 August 2016, as amended and supplemented by the Supplemental Manufacturing Agreements.
Parties:	(i) CCT Tech Global Holdings Limited
	(ii) CCT Fortis Holdings Limited

Subject matter: Pursuant to the Manufacturing Agreement, CCT Global will procure its subsidiaries and other subsidiaries of the Company to manufacture and supply the Child Products for CCT Fortis and/or other members of the CCT Fortis Group (which will include the Target Group after Completion) based on orders to be placed by member(s) of the CCT Fortis Group from time to time. The Child Products to be manufactured by the Group will be manufactured in accordance with the specifications and requirement of the CCT Fortis Group.

Term: It will be effective as from the Completion Date, after all the conditions precedent have been fulfilled and will continue until the Expiry Date (i.e. 31 December 2018). Neither party has any right to terminate the Manufacturing Agreement prior to the Expiry Date without cause. Both parties may mutually renew the Manufacturing Agreement in writing at least six months prior to the Expiry Date for another three (3) years subject to compliance with the Listing Rules.

Price and terms of payment: In respect of the transactions contemplated under the Manufacturing Agreement, the price of the Child Products to be manufactured and supplied by the Group to the CCT Fortis Group will be determined on a case-by-case basis. The parties to the Manufacturing Agreement will take into account the following non-exhaustive factors in determining the price of each Child Product model payable by the CCT Fortis Group:

(a) The sale price in respect of specific models of the Child Products payable by the CCT Fortis Group to the Group (the "**Sale Price**") will be the higher of the prices determined under the following two bases:

(i) the sum of the direct material costs of each specific model of the Child Products plus a mark-up of up to two hundred fifty percent (250%) of the direct material costs (the "**Cost-plus Basis**"); and

(ii) the selling prices for specific models of the Child Products that the CCT Fortis Group sells to independent third party distributors or retailers less a discount of up to ten percent (10%) (the "**Maximum Discount**"), which discount is intended to cover the product development costs, sales and marketing costs, the customer's credit risk, administrative costs and profit margin of the Child Product Trading Business;

(b) the projected orders that are to be placed by the CCT Fortis Group in respect of the relevant Child Product model for each calendar year;

(c) the degree of complexity in the manufacturing process of the Child Product model; and

(d) the logistics involved in the delivery of the finished Child Products from the manufacturing facilities of the Group to the CCT Fortis Group, where applicable.

The CCT Fortis Group will provide documentary evidence (such as sales quotation and sales invoices) to the Group to support the Third Party Prices.

The Company expects that the Sale Price determined on the aforesaid basis will exceed the total manufacturing costs of the Child Products. Furthermore, as the determination of the Sale Price will take into account both the costs and third party prices of the Child Products, the Company considers that the pricing terms and policies under the Manufacturing Agreement are on normal commercial terms and fair and reasonable to the Company and its Independent Shareholders.

The amount of the Sale Price for the Child Products will be payable by the CCT Fortis Group by cheque, bank transfer or by deposit directly by member(s) of the CCT Fortis Group into the designated bank accounts of the member(s) of the Group, and unless otherwise agreed, will be payable within 75 days from the date of monthly statements which set out the outstanding invoices (the "**Settlement Period**"). The terms of payment are comparable to or not worse than those credit terms granted to the independent third party customers of the Group.

Priority of Purchase: The CCT Fortis Group will give priority to the Group in the manufacturing and supplying of the Child Products. In the event that the Group rejects any purchase order for the Child Product(s) from the CCT Fortis Group because the Sale Price offered is not satisfactory to the Group, the CCT Fortis Group cannot purchase the Child Product(s) from any other parties at a price lower than the Sale Price offered to the Group. In this connection, the CCT Fortis Group is required to provide purchase orders and invoices to evidence that the price of its purchasing (if any) from other manufacturers or suppliers is not less than the Sale Price offered to the Group.

We have also enquired into the Directors regarding the basis of determining the Maximum Discount and were advised by the Directors that a selling price of the model of the Child Products charged by the CCT Fortis Group to independent third party distributors or retailers less a discount of up to 10% is intended to cover the product development costs, sales and marketing costs, the customer's credit risk, administrative costs and profit margin of the Child Product Trading Business.

Before entering into a transaction under the Manufacturing Transactions, the sales and marketing department of the Group will negotiate on the provisional Sale Price of the specific model of the Child Products with the CCT Fortis Group, and the manufacturing departments of the Group would review and check whether the Sale Price is fair and reasonable adhering to the pricing terms and details set out in the Manufacturing Agreement. In the event that the Sale Price for a specific purchase order for a model of the Child Products is not in compliance with the pricing terms set out in the Manufacturing Agreement, the Group is entitled to reject such purchase order from the CCT Fortis Group. In reviewing whether the Sale Price is in accordance with the pricing terms under the Manufacturing Agreement, the Company will request the CCT Fortis Group to provide documentary evidence (such as sales quotation and sales invoices) to the Group to support the Third Party Prices. In addition to reviewing the Sale Price before entering into a transaction under the Manufacturing Transactions or where the pricing terms under the Manufacturing Agreement for a specific model of Child Products are applied for the first time or the pricing terms are different from those used previously, the accounting department of the Group will review the aforesaid works carried out by the sales and marketing department and the manufacturing departments on a quarterly basis.

Details of the internal control measures relating to the Manufacturing Transactions are set out under the section headed "Internal Control Measures Relating to the Manufacturing Transactions" of the Board Letter.

For our due diligence purpose, we had discussed with the Directors to understand the aforesaid procedures. In addition, we also noted from the Directors that the managing director of the manufacturing division of the Group (the "**Manufacturing Managing Director**") will be responsible for the above procedures. We further enquired into the Directors regarding the qualification of the Manufacturing Managing Director and noted that the Manufacturing Managing Director is primarily responsible for leading the business development of the CCT Tech Group's manufacturing business, oversees and supervises principal functions of the manufacturing business of the CCT Tech Group. She has over 26 years of experience in extensive business development in the consumer electronic industry. She holds a Master's Degree of Engineering Management from University of Technology, Sydney, Australia and also taken Business Management course in the Harvard University in the United States of America. As also confirmed by the Directors, the Company will only accept any purchase order from the CCT Fortis Group if (i) the Sale Price is comply with the pricing policies under the Manufacturing Agreement; and (ii) the accumulated transaction amounts of the Manufacturing Transactions will not exceed the Caps. These internal control measures will be overseen by the Manufacturing Managing Director and reviewed by the accounting department together with the internal audit department (responsible for reviewing the effectiveness of the Group's enterprise risk management and internal controls system) of the Company. We consider that the effective implementation of the internal control mechanism would help to ensure fair pricing of the transactions contemplated under the Manufacturing Agreement according to the pricing basis.

In respect of the payment terms under the Manufacturing Agreement, with reference to the 2016 Interim Report, the Group allows an average credit period of 30 to 90 days to its trade customers. In addition, according to the aged analysis of the trade receivables of the Group, trade receivables with credit period of 31 to 90 days constitute approximately 64% of the total trade receivables as at 30 June 2016, while trade receivables with credit period of 61 to 90 days constitute approximately 41% of the total trade receivables as at 30 June 2016. The Settlement Period is within the average credit period which was allowed by the Group to its trade customers. Accordingly, we considered that the Settlement Period is acceptable.

In light of the above, we are of the view that the terms of the Manufacturing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The Caps

Set out below are (i) the historical amount of the manufacturing and supply of the Child Products (the "**Historical Amount**") by the CCT Tech Group to the Target Group for the two years ended 31 December 2015, the four months ended 30 April 2016 and the seven months ended 31 July 2016 respectively; and (ii) the proposed Caps from the Completion Date to 31 December 2018:

	For the year ended 31 December 2014	**For the year ended 31 December 2015**	**For the four months ended 30 April 2016**	**For the seven months ended 31 July 2016**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Historical Amount	159	149	58	100

	From the Completion Date to 31 December 2016	**For the year ending 31 December 2017**	**For the year ending 31 December 2018**
	HK$ million	*HK$ million*	*HK$ million*
The Caps	50	190	250

With reference to the Board Letter, the Caps were determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

(i) the historical inter-company sales of the Child Products by the CCT Tech Group to the Target Group;

(ii) the expected development by the CCT Fortis Group of more Bluetooth-enabled baby and infant products to meet the surging demand of electronic child products in the market;

(iii) the expected growth in business through the online sales platform of the CCT Fortis Group especially in the online B2C sales; and

(iv) the expected increase in demand of the Child Products in PRC mainland as a result of abolishment of the one-child policy.

With reference to the Board Letter, the Company's projected sales amount of the Child Products by the CCT Tech Group to the Target Group used for the purposes of determining the Caps for the period from the Completion Date to 31 December 2018 are further determined by applying the following assumptions:

(a) sales growth rate of 7% for 2016 compared with the 2015 historical sales amount;

(b) sales growth rate of 14% for 2017 compared with the 2016 projected sales amount;

(c) sales growth rate of 20% for 2018 compared with the 2017 projected sales amount; and

(d) additional buffers in terms of sales growth rate of 5% for 2017 and 10% for 2018, respectively, which buffers have taken into account of estimated inflation rate of 3% per annum and some buffers for possible underestimation of the sales growth rate.

For our due diligence purpose, we have obtained the estimation from the Target Group on the demand of Child Products to be provided by the CCT Tech Group, which the Caps are to cater for. We have also discussed with the Directors regarding (i) the intention of CCT Fortis of setting up of the e-commerce platform and the expected development of Bluetooth-enabled baby and infant products; and (ii) the assumptions applied in the determination of the Caps (details of which are set out under the section headed "CAPS AMOUNT FOR THE MANUFACTURING TRANSACTIONS" in the Board Letter). During our discussion, we have not identified any major factor which caused us to doubt the reasonableness of the demand estimation.

As confirmed and advised by the Directors, the online sales platform of the CCT Fortis will focus on the internet users in PRC. We found a research report ("**Report**") published by the China Internet Network Information Center ("**CNNIC**") in June 2016 in relation to the PRC's internet/online shopping market for the year of 2015. CNNIC was established on 3 June 1997 and is a management and service organisation approved by the national authorities, with the principles of (i) providing service to the internet users in PRC; and (ii) promoting healthy and orderly development of the PRC's internet. Set out below are certain key findings of the Report:

(i) the number of PRC internet users reached 680 million as at December 2015, the number of new PRC internet users was 39.51 million in 2015 and total internet penetration rate reached 50.3%;

(ii) the number of internet/online shopping users reached 413 million as at December 2015, representing an increase of approximately 14.3% as compared to December 2014;

(iii) for the year of 2015, the PRC online retail turnover reached RMB3,880 billion, representing a year on year increase of 33.3%; and

(iv) the activeness of the PRC internet/online shopping was further enhanced. In 2015, total number of internet/online shopping transaction reached 25.6 billion times, annual number of internet/online shopping transaction per capita reached 62 times.

We noted that the Caps for the period from the Completion Date to 31 December 2016 is roughly in proportion to (i) the Historical Amount for the four months ended 30 April 2016; and (ii) the Caps for the year ending 31 December 2017. In addition, the Caps for the year ending 31 December 2018 represents an increase of approximately 31.58% (the "**Increase**") to the Caps for the year ending 31 December 2017. The Directors considered that as the CCT Fortis Group will enter into second year in 2018 for its new e-commerce business, it is estimated that the growth rates will be higher than the first year in 2017 through its efforts of gaining more market share and introduction of more new products. Having also considered (i) the expected development by the CCT Fortis Group of more Bluetooth-enabled baby and infant products to meet the surging demand of electronic child products in the market; (ii) the expected growth of business through the online sales platform of the CCT Fortis Group especially in the online B2C sales (which is supported by the market information as stated above); (iii) the possible increase in demand of the Child Products in PRC mainland as a result of abolishment of the one-child policy; and (iv) that according to the above statistic data as contained in the Report, in particular, the PRC online retail represented a year on year increase of 33.3% for 2015, the e-commerce sales market in the PRC has shown a growth potential and increasing demand, we consider that the Increase to be justifiable.

Given the above, we consider that the Caps for from the Completion Date to 31 December 2018 are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2018, and they do not represent forecasts of revenue/income to be incurred from the Manufacturing Transactions. Consequently, we express no opinion as to how closely the actual revenue/income to be incurred from the Manufacturing Transactions will correspond with the Caps.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Manufacturing Transactions must be restricted by the Caps for the period from the Completion Date to 31 December 2016 and the two years ending 31 December 2018; (ii) the terms of the Manufacturing Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Manufacturing Agreement must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Manufacturing Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the Caps. In the event that the total amounts of the Manufacturing Transactions is anticipated to exceed the Caps, or that there is any proposed material amendment to the terms of the Manufacturing Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Manufacturing Transactions and thus the interest of the Independent Shareholders would be safeguarded.

The Special Deal

Reference is made to the First Relevant Announcement.

For the reasons as set out under the section headed ''Takeovers Code implications'' of the Board Letter and given that CCT Fortis is a Shareholder, the Manufacturing Transactions constitutes a Special Deal and requires the consent of the Executive. Such consent, if granted, will be subject to (i) Gram Capital publicly stating that in its opinion, the terms of the Manufacturing Transactions are fair and reasonable; and (ii) the approval of the Manufacturing Transactions by the Independent Shareholders, being Shareholders who are not involved in or interested in the Manufacturing Transactions, by way of poll at the SGM.

As concluded above, (i) the Manufacturing Transactions are in the interests of the Company and the Shareholders as a whole given the reasons as set forth under the section headed ''Reasons for and the benefits to be derived by the Company from the Manufacturing Transactions'' of this letter; and (ii) the terms of the Manufacturing Agreement (the Manufacturing Transactions contemplated thereunder constitutes a Special Deal) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION ON THE MANUFACTURING TRANSACTIONS

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Manufacturing Agreement (including the Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Manufacturing Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Manufacturing Agreement (including the Caps) and the transactions contemplated thereunder, and the respective Special Deal, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

The following is the text of a report, prepared for the purpose of incorporation in this Circular, received from the Company's reporting accountants, Mark K. Lam & Co., Certified Public Accountants, Hong Kong.

27 September 2016

The Directors
CCT Fortis Holdings Limited ("**CCT Fortis**")
CCT Land Holdings Limited ("**CCT Land**")

Dear Sirs,

We set out below our report on the financial information including the consolidated statements of profit and loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of Suremark Holdings Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") for each of the three years ended 31 December 2013, 2014 and 2015 and four months ended 30 April 2016 (the "**Relevant Periods**") and the consolidated statement of financial position as at 31 December 2013, 2014, 2015 and 30 April 2016 and the notes thereto (the "**Financial Information**"), for inclusion in the circular dated 27 September 2016 issued by each of CCT Fortis (the "**CCT Fortis Circular**") and CCT Land (the "**CCT Land Circular**") in connection with the proposed acquisition of the entire issued capital of the Target Company by CCT Fortis from CCT Tech Global Holdings Limited, a wholly-owned subsidiary of CCT Land (the "**Transaction**"), which constitute a major transaction for CCT Fortis and a discloseable and connected transaction for CCT Land under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Target Company is a private limited company incorporated in the British Virgin Islands ("**BVI**") as a company with limited liability on 28 October 2009. The principal activity of the Target Company is investment holding and the details of the principal activities of the subsidiaries of the Target Company are set out below.

As at the date of this report, no statutory financial statements have been prepared for the Target Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

At the date of this report, Target Company had direct interests in the following subsidiaries which are private companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	Issued ordinary/ registered share capital Number of shares	Amount	Percentage of equity attributable to the Target Company	Principal activities
Wiltec Industries (HK) Limited	BVI 17 March 1998 (registered on 15 September 1999 as an overseas company under the Hong Kong Companies Ordinance)	2	US$2 Ordinary	100.00	Trading and sale of infant and child products
Wiltec Industrial Limited	Hong Kong 28 November 1996	20,002	HK$2,002 Ordinary	99.99	Trading and sale of infant and child products

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of Target Group for the Relevant Periods, in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**"). The Underlying Financial Statements were audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information of Target Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in each of the CCT Fortis Circular and the CCT Land Circular.

The Underlying Financial Statements are the responsibility of the directors of Target Company who approved their issue. The directors of each of CCT Fortis and CCT Land are responsible for the contents of the CCT Fortis Circular and the CCT Land Circular, respectively 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.

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

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Target Group as at 31 December 2013, 2014, 2015 and 30 April 2016 and of Target Group's consolidated results and cash flows for each of the Relevant Periods.

The comparative consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for the four months ended 30 April 2015 together with the notes thereon have been extracted from the Target Group's unaudited financial information for the same period (the "**30 April 2015 Financial Information**") which was prepared by the directors of Target Group solely for the purpose of this report. We have reviewed the 30 April 2015 Financial Information in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the 30 April 2015 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 April 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 April 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information in accordance with HKFRSs.

I. FINANCIAL INFORMATION

(a) Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December			Four months ended 30 April	
	Notes	**2013**	**2014**	**2015**	**2015**	**2016**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
REVENUE	*6*	192,975	172,227	159,087	50,010	60,711
Cost of sales		(182,207)	(160,814)	(149,705)	(46,781)	(58,366)
Gross profit		10,768	11,413	9,382	3,229	2,345
Other income and gains		1,964	427	249	62	100
Selling and distribution expenses		(4,984)	(4,523)	(4,420)	(1,407)	(1,318)
Administrative expenses		(6,765)	(3,652)	(2,790)	(800)	(693)
Other expenses		—	(604)	—	—	—
Finance costs	*7*	(98)	(357)	(192)	(120)	(142)
PROFIT BEFORE TAX	*8*	885	2,704	2,229	964	292
Income tax expense	*9*	(73)	(122)	(449)	—	—
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		812	2,582	1,780	964	292
Profit and total comprehensive income attributable to:						
Owner of the Target Company		812	2,582	1,780	964	292

(b) Consolidated statement of financial position

	Notes	As at 31 December 2013 HK$'000	As at 31 December 2014 HK$'000	As at 31 December 2015 HK$'000	As at 30 April 2016 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	*12*	1,930	571	232	171
CURRENT ASSETS					
Trade receivables	*13*	38,727	28,498	29,278	31,606
Prepayment, deposits and other receivables	*14*	2,254	1,359	186	203
Due from related companies	*21(b)*	—	2,900	70	—
Cash and cash equivalents	*15*	14,683	19,193	16,331	11,593
Total current assets		55,664	51,950	45,865	43,402
Total assets		57,594	52,521	46,097	43,573
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	*19*	—	—	—	—
Reserve		28,815	31,397	28,677	23,969
Total equity		28,815	31,397	28,677	23,969
CURRENT LIABILITIES					
Trade payables	*16*	516	337	277	348
Tax payable		72	148	404	404
Other payables and accruals	*17*	10,841	2,655	1,716	4,646
Due to related companies	*21(b)*	878	—	—	—
Interest-bearing bank borrowings	*18*	16,472	17,984	15,023	14,206
Total current liabilities		28,779	21,124	17,420	19,604
Total equity and liabilities		57,594	52,521	46,097	43,573
Net current assets		26,885	30,826	28,445	23,798
Total assets less current liabilities		28,815	31,397	28,677	23,969

(c) Consolidated statements of changes in equity

	Issued capital *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2013	—	28,003	28,003
Profit and total comprehensive income for the year	—	812	812
At 31 December 2013 and 1 January 2014	—	28,815	28,815
Profit and total comprehensive income for the year	—	2,582	2,582
At 31 December 2014 and 1 January 2015	—	31,397	31,397
Profit and total comprehensive income for the year	—	1,780	1,780
Dividend *(note 10)*	—	(4,500)	(4,500)
At 31 December 2015 and 1 January 2016	—	28,677	28,677
Profit and total comprehensive income for the period	—	292	292
Dividend *(note 10)*	—	(5,000)	(5,000)
At 30 April 2016	—	23,969	23,969
At 31 December 2014 and 1 January 2015	—	31,397	31,397
Profit and total comprehensive income for the period (unaudited)	—	964	964
At 30 April 2015 (unaudited)	—	32,361	32,361

(d) Consolidated statements of cash flows

	Notes	Year ended 31 December			Four months ended 30 April	
		2013	2014	2015	2015	2016
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		885	2,704	2,229	964	292
Adjustments for:						
Finance costs	7	98	357	192	120	142
Interest income		(2)	(2)	(2)	—	—
Depreciation		1,049	755	339	132	61
(Gain)/loss on disposal of property, plant and equipment		(261)	604	—	—	—
		1,769	4,418	2,758	1,216	495
Decrease/(increase) in trade receivables		715	10,229	(780)	(930)	(2,328)
Decrease/(increase) in prepayment, deposits and other receivables		1,762	895	1,173	680	(17)
(Decrease)/increase in trade payables		(232)	(179)	(60)	188	71
Increase/(decrease) in other payables and accruals		1,956	(8,186)	(939)	(569)	(585)
Cash generated from/(used in) operations		5,970	7,177	2,152	585	(2,364)
Interest received		2	2	2	—	—
Interest paid		(98)	(357)	(192)	(120)	(142)
Hong Kong profits tax paid		—	(46)	(193)	—	—
Net cash flows generated from/(used in) operating activities		5,874	6,776	1,769	465	(2,506)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of property, plant and equipment		1,910	—	—	—	—
Net cash flows generated from investing activities		1,910	—	—	—	—

	Notes	Year ended 31 December 2013 HK$'000	2014 HK$'000	2015 HK$'000	Four months ended 30 April 2015 HK$'000 (unaudited)	2016 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
New trust receipts loans		16,472	17,984	15,023	9,192	14,206
Repayment of bank loans and trust receipts loans		(1,919)	(16,472)	(17,984)	(17,984)	(15,023)
Dividend paid	*10*	—	—	(4,500)	—	(1,485)
(Advance to)/repayment from related companies		(25,806)	(3,778)	2,830	(2,333)	70
Net used in financing activities		(11,253)	(2,266)	(4,631)	(11,125)	(2,232)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,469)	4,510	(2,862)	(10,660)	(4,738)
Cash and cash equivalents at beginning of year/period	*15*	18,152	14,683	19,193	19,193	16,331
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		14,683	19,193	16,331	8,533	11,593
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*15*	14,683	19,193	16,331	8,533	11,593

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE AND TARGET GROUP INFORMATION

The Target Company is a limited liability company incorporated in the BVI on 28 October 2009. The registered office and the principal place of business of the Target Company is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

The Target Company is an investment holding company.

The Target Company is a wholly-owned subsidiary of CCT Tech Global Holdings Limited ("**CCT Global**"), a company incorporated in the British Virgin Islands with limited liability. In the opinion of the directors of the Target Company, the ultimate holding company of the Target Company is CCT Land Holdings Limited ("**CCT Land**"), a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange.

As at the date of this report, the Target Company had direct interests in its subsidiaries, which is a private limited liability company, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	Issued ordinary/ registered share capital Number of shares	Amount	Percentage of equity attributable to the Target Company	Principal activities
Wiltec Industries (HK) Limited	BVI 17 March 1998 (registered on 15 September 1999 as an overseas company under the Hong Kong Companies Ordinance)	2	US$2 Ordinary	100.00	Trading and sale of infant and child products
Wiltec Industrial Limited	Hong Kong 28 November 1996	20,002	HK$2,002 Ordinary	99.99	Trading and sale of infant and child products

Note: The statutory financial statements of the subsidiaries for the year ended 31 December 2013, 2014 and 2015 were audited by Mark K. Lam & Co., Certified Public Accountants.

2.1 BASIS OF PREPARATION

The Financial Information have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The Financial Information are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Target Group
4 No mandatory effective date is determined but is available for early adoption

Except as described below, the directors of the Target Company do not anticipate that the application of the new and revised HKFRSs will have material impact on the Financial Information.

HKFRS 9 *Financial instruments*

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Target Group expects to adopt HKFRS 9 from 1 January 2018. The Target Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Target Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)
Investment Entities: Applying the Consolidation Exception

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interests in its subsidiaries. The amendments are not expected to have any impact on the Target Group as the Target Company is not an investment entity as defined in HKFRS 10.

Amendments to HKAS16 and HKAS38
Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 and HKAS 38 were issued in June 2014 and shall be applied to a financial period beginning on or after 1 January 2016. The amendments clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Target Group upon adoption on 1 January 2016 as the Target Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

The Target Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Target Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Plant and machinery	10%
Moulds and equipment	20%
Furniture and office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Leases

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

Financial instruments

The Target Group classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. Purchases and sales of the financial assets are recognised using trade date accounting.

(a) Loans and receivables

Loans and receivables include cash and cash equivalents, trade receivables, prepayments, deposits and other receivables and amounts due from related companies.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Target Group recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

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

(b) Financial liabilities

The Target Group's financial liabilities include interest-bearing bank borrowings, trade payables, other payables and accruals and amounts due to related parties. Financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Provisions

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

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

Income tax

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

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

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Other employee benefits

Pension schemes

The Target Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Target Group in an independently administered fund. The Target Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Target Group when the employee leaves employment prior to the contribution vesting fully, in accordance rules of the MPF Scheme.

Foreign currencies

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

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

Cash and cash equivalents

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

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with original maturity of three months or less, which are not restricted as to use.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Target Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

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

Related parties

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

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

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

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

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

or

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of the asset and impairment losses/reversal of impairment losses in the period in which such estimates has been changed.

5. OPERATING SEGMENT INFORMATION

The Target Group has only one reportable operating segment which is trading and sale of child products.

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

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Four months ended 30 April	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Europe	50,923	35,489	36,673	11,498	15,699
USA	124,831	116,526	106,461	35,667	38,553
Others	17,221	20,212	15,953	2,845	6,459
	192,975	172,227	159,087	50,010	60,711

(b) The Target Group's non-current assets are located in Hong Kong.

Information about major customers

For the year ended 31 December 2013, 2014, 2015 and four months period ended 30 April 2015 and 2016, revenue of approximately HK$105.8 million, HK$105.1 million, HK$93.2 million, HK$31.7 million and HK$35.4 million was derived from sales to one customer amounted to 10% or more of the Target Group's total revenue.

6. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the Relevant Periods.

An analysis of revenue is as follows:

	Year ended 31 December			Four months ended 30 April	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Sales of baby and infant products	192,531	171,109	158,621	49,853	60,698

7. FINANCE COSTS

An analysis of finance costs are as follows:

	Year ended 31 December			Four months ended 30 April	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on bank loans	98	357	192	120	142

8. PROFIT BEFORE TAX

The Target Group's profit before tax is arrived at after charging:

	Year ended 31 December			Four months ended 30 April	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cost of inventories sold	182,207	160,814	149,705	46,781	58,366
Depreciation	1,049	755	339	132	61
Minimum lease payments under operating lease	400	497	511	166	166
Auditors' remuneration	250	260	530	—	—
Directors' remuneration	2,100	300	350	—	—
Employee benefit expense					
Wages and salaries	3,014	2,051	2,094	698	698
Pension scheme contributions	149	103	128	43	43
	3,163	2,154	2,222	741	741

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Period. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Target Group operates.

	Year ended 31 December			Four months ended 30 April	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current — Hong Kong					
Charge for the year/period	73	148	469	—	—
Overprovision in prior years/ period	—	(26)	(20)	—	—
Total tax charge for the year/ period	73	122	449	—	—

A reconciliation of the tax expense applicable to profit before tax at the statutory rates to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Four months ended 30 April	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before tax	885	2,704	2,229	964	292
Tax at the statutory tax rate	146	446	368	159	48
Income not subject to tax	(5)	(3)	—	—	—
Expenses not deductible for tax	—	—	—	—	5
Tax losses utilised from pervious periods	(410)	(517)	—	—	—
Adjustments in respect of current tax of previous period	—	(26)	(20)	—	—
Others	342	222	101	(159)	(53)
Tax charge at the Target Group's effective rate	73	122	449	—	—

10. DIVIDEND

During the year ended 31 December 2015 and four months period ended 30 April 2016, a dividend of HK$4.5 million per share and HK$5.0 million per share, equivalent to HK$4.5 million and HK$5.0 million in aggregate has been proposed by the directors of the Target Company and been approved by the shareholders.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNER OF PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Moulds and equipment	Furniture and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013, net of accumulated depreciation	82	2,000	228	2,318	4,628
Disposal	—	—	—	(1,649)	(1,649)
Depreciation provided during the year	(10)	(538)	(98)	(403)	(1,049)
At 31 December 2013 and 1 January 2014, net of accumulated depreciation	72	1,462	130	266	1,930
Disposal	—	(604)	—	—	(604)
Depreciation provided during the year	(10)	(511)	(89)	(145)	(755)
At 31 December 2014 and 1 January 2015, net of accumulated depreciation	62	347	41	121	571
Depreciation provided during the year	(10)	(170)	(38)	(121)	(339)
At 31 December 2015 and 1 January 2016, net of accumulated depreciation	52	177	3	—	232
Depreciation provided during the period	(3)	(56)	(2)	—	(61)
At 30 April 2016, net of accumulated depreciation	49	121	1	—	171
At 31 December 2013:					
Cost	2,078	3,532	1,281	725	7,616
Accumulated depreciation	(2,006)	(2,070)	(1,151)	(459)	(5,686)
Net carrying amount	72	1,462	130	266	1,930
At 31 December 2014:					
Cost	2,078	1,935	1,281	725	6,019
Accumulated depreciation	(2,016)	(1,588)	(1,240)	(604)	(5,448)
Net carrying amount	62	347	41	121	571
At 31 December 2015:					
Cost	2,078	1,935	1,281	725	6,019
Accumulated depreciation	(2,026)	(1,758)	(1,278)	(725)	(5,787)
Net carrying amount	52	177	3	—	232
At 30 April 2016:					
Cost	2,078	1,935	1,281	725	6,019
Accumulated depreciation	(2,029)	(1,814)	(1,280)	(725)	(5,848)
Net carrying amount	49	121	1	—	171

13. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	38,727	28,498	29,278	31,606

The Target Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit.

The Target Group seeks to maintain strict control over its outstanding receivables and has a credit policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Target Group does not hold any collateral and other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

	As at 31 December			As at 30 April
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 30 days	17,198	14,415	9,681	19,197
31 to 60 days	12,821	12,175	10,301	9,892
61 to 90 days	8,473	1,430	8,847	2,517
Over 90 days	235	478	449	—
	38,727	28,498	29,278	31,606

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	As at 31 December			As at 30 April
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	30,689	26,787	20,365	30,704
Past due but not impaired	8,038	1,711	8,913	902
	38,727	28,498	29,278	31,606

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Target Group. Based on past experience, the directors of the Target Company are of the opinion that no provision for impairment is necessary in respect of the balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	—	—	4	17
Deposits and other receivables	2,254	1,359	182	186
	2,254	1,359	186	203

The above balances as at 31 December 2013 and 2014 included deposits paid for acquisition of moulds amounting to HK$2.1 million and HK$1.2 million, respectively, in relation to the Target Group's trading of child products business.

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

15. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 April
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	14,683	19,193	16,331	11,593

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

16. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current to 30 days	172	81	33	132
31 to 60 days	74	70	35	8
61 to 90 days	84	—	1	—
Over 90 days	186	186	208	208
	516	337	277	348

17. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 April
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	9,652	1,951	977	3,993
Accruals	1,189	704	739	653
	10,841	2,655	1,716	4,646

Other payables are non-interest bearing and have an average term of three months.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December						As at	
	2013		2014		2015		30 April 2016	
	Maturity	*HK$'000*	*Maturity*	*HK$'000*	*Maturity*	*HK$'000*	*Maturity*	*HK$'000*
Current								
Bank loans — secured	2014	16,472	2015	17,984	2016	15,023	2017	14,206

The effective interest rates during the Relevant Periods are as follows:

	As at 31 December			As at 30 April
	2013	2014	2015	2016
Current				
Bank loans — secured	2.21%–2.28%	2.16%–2.17%	2.44%–2.59%	2.67%–2.68%

(a) As at 31 December 2013, all the Target Group's bank loans were secured by pledge of certain of the related company's investment properties and buildings situated in Mainland China, which had an aggregate carrying amount as at 31 December 2013 of approximately HK$446.5 million.

(b) As at 31 December 2014, all the Target Group's bank loans were secured by pledge of certain of the related company's investment properties situated in Mainland China, which had an aggregate carrying amount as at 31 December 2014 of approximately HK$519.7 million.

(c) As at 31 December 2015 and 30 April 2016, all the Target Group's bank loans were secured by the pledge of certain of the related company's time deposits amounting to HK$9.0 million and HK$9.0 million, respectively.

(d) All the Target Group's bank borrowings are denominated in US$.

19. SHARE CAPITAL

The movements of authorised and issued share capital of the Target Company during the Relevant Periods are as follows:

	Authorised	
	Number of shares	Amount HK$ equivalent
Ordinary shares of US$1 each		
At 31 December 2013, 2014, 2015 and 30 April 2016	50,000	390,000

	Issued and fully paid	
	Number of shares	Amount HK$ equivalent
Ordinary shares of US$1 each		
At 31 December 2013, 2014, 2015 and 30 April 2016	1	7.8

20. OPERATING LEASE ARRANGEMENTS

As lessee

At the end of the Relevant Periods, the Target Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	As at 31 December			As at 30 April
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	533	488	497	497
In the second to fifth years, inclusive	488	—	414	248
	1,021	488	911	745

21. RELATED PARTIES BALANCES AND TRANSACTIONS

(a) Purchase of finished goods

	Year ended 31 December			Four months ended 30 April	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Purchase of finished goods	180,475	159,482	148,502	46,236	58,354

(b) Due from/(to) related companies

The amounts due from/(to) related companies are unsecured, interest-free and have no fixed terms of repayment.

22. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Target Group as at the end of the Relevant Period are loans and receivables, and financial liabilities at amortised cost, respectively.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Target Group's financial instruments reasonably approximate to their fair values.

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

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise bank borrowings and cash and bank balances. The Target Group has various other financial assets and liabilities such as trade receivables and trade payables, which directly from its operations.

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

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rate relates primarily to the Target Group's borrowings with floating interest rates. The Target Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact on floating rate borrowings).

	Target Group	
	Increase/ (decrease) In basis points	**Increase/ (decrease) In profit before tax**
		HK$'000
2013		
US$	100	(165)
US$	(100)	165
2014		
US$	100	(180)
US$	(100)	180
2015		
US$	100	(150)
US$	(100)	150
2016		
US$	100	(142)
US$	(100)	142

Credit risk

The Target Group trades only with recognised and creditworthy third parties. It is the Target Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Target Group's financial assets, which comprise bank balances, deposits, trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Target Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentration of credit risk is managed by counterparty.

There is no significant concentration of credit risk in relation to the Target Group's financial assets, other than trade receivables. Further quantitative data in respect of the Target Group's exposure to credit risk arising from trade receivables are disclosed in note 13 to the financial statements.

Liquidity risk

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

The Target Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In addition, banking facilities have been put in place for contingency purposes.

The table below summarises the maturity profile of the Target Group's financial liabilities based on contractual undiscounted payments.

	As at 31 December			As at 30 April
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year or on demand				
Trade payables	516	337	277	348
Other payables and accruals	10,841	2,655	1,716	4,646
Interest-bearing bank borrowings	16,837	18,372	15,390	14,585
	28,194	21,364	17,383	19,579

Capital management

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to its equity owners through the optimisation of the debt and equity balance.

The directors of the Target Group reviews the capital structure on a regular basis. As part of this review, the directors of the Target Group considers the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance the overall capital structure of the Target Group.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or any of its subsidiaries in respect of any period subsequent to 30 April 2016.

Yours faithfully,
Mark K. Lam & Co.
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the shares and the underlying shares of the Company and its associated corporations (if any)

As at the Latest Practicable Date, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Interests and short positions in the Shares and the underlying Shares as at the Latest Practicable Date

(i) Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest		Total	Approximate percentage of the existing total issued share capital of the Company
	Personal	Corporate		(%)
Mr. Mak *(Note)*	—	14,000,000,000	14,000,000,000	10.43
Tam Ngai Hung, Terry	10,000,000	—	10,000,000	0.01

Note: The interest disclosed represented 14,000,000,000 Shares held by CCT Fortis through its indirect wholly-owned subsidiary, CCT Securities. Mr. Mak is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Fortis through his interest in the shareholding of approximately 52.10% of the total issued share capital in CCT Fortis as at the Latest Practicable Date.

(ii) Long positions in the underlying Shares of the share options granted under the share option scheme of the Company:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per Share *HK$*	Number of the share options outstanding	Number of the total underlying Shares	Approximate percentage of the existing total issued share capital of the Company *(%)*
Chow Siu Ngor	17/1/2014	17/1/2014 – 16/1/2024	0.01	5,000,000	5,000,000	Below 0.01
Lau Ho Kit, Ivan	17/1/2014	17/1/2014 – 16/1/2024	0.01	5,000,000	5,000,000	Below 0.01
Tam King Ching, Kenny	17/1/2014	17/1/2014 – 16/1/2024	0.01	5,000,000	5,000,000	Below 0.01

(iii) Long positions in the underlying Shares of the convertible bonds issued by the Company:

Name of the Directors	Number of the underlying Shares interested and nature of interest		Total	Approximate percentage of the existing total issued share capital of the Company
	Personal	Corporate		(%)
Mr. Mak *(Note)*	—	49,567,100,000	49,567,100,000	36.91

Note: The interest disclosed represented 49,567,100,000 underlying Shares at the conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) in respect of the convertible bonds (the "**Convertible Bonds**") issued by the Company to CCT Securities on 7 December 2015. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Fortis through his interest in the shareholding of approximately 52.10% of the total issued share capital in CCT Fortis as at the Latest Practicable Date.

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

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to, or could be ascertained after reasonable enquiries by, the Directors, the following persons (other than the Directors or chief executive of the Company) had interests 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 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:

Interests and short positions in the Shares and the underlying Shares as at the Latest Practicable Date

(i) Long positions in the Shares:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the existing total issued share capital of the Company (%)
CCT Fortis *(Note)*	14,000,000,000	10.43
CCT Capital International Holdings Limited *(Note)*	14,000,000,000	10.43
CCT Securities *(Note)*	14,000,000,000	10.43

Note: The interest disclosed represented 14,000,000,000 Shares held directly by CCT Securities which is a direct wholly-owned subsidiary of CCT Capital International Holdings Limited, which in turn is a direct wholly-owned subsidiary of CCT Fortis. The said interest of such Shares has also been disclosed in Directors' interests of this section.

(ii) Long positions in the underlying Shares of the Convertible Bonds issued by the Company:

Name of the Shareholders	Number of the underlying Shares held	Approximate percentage of the existing total issued share capital of the Company (%)
CCT Fortis *(Note)*	49,567,100,000	36.91
CCT Capital International Holdings Limited *(Note)*	49,567,100,000	36.91
CCT Securities *(Note)*	49,567,100,000	36.91

Note: The interest disclosed represented 49,567,100,000 underlying Shares in respect of the Convertible Bonds issued by the Company to CCT Securities. CCT Securities is a direct wholly-owned subsidiary of CCT Capital International Holdings Limited, which in turn is a direct wholly-owned subsidiary of CCT Fortis. The said interest of such Shares has also been disclosed in Directors' interests of this section.

Save for Mr. Mak, Ms. Cheng Yuk Ching, Flora and Mr. Tam Ngai Hung, Terry who are also directors of CCT Fortis, CCT Capital International Holdings Limited and CCT Securities and Mr. Chow Siu Ngor and Mr. Tam King Ching, Kenny who are also directors of CCT Fortis, no other Director or proposed Director is a director or employee of the above substantial shareholders which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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.

Interests in contract or arrangement

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

Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Service contracts

There is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

Competing interests

Each of the Directors has confirmed that so far as they are aware of, none of the Directors or his/her respective close associates has any interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

4. QUALIFICATIONS AND CONSENTS OF EXPERTS

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

Name	Qualification
Gram Capital	A licensed corporation to carry out type 6 (advising on corporation finance) regulated activity as defined under the SFO
Mark K. Lam & Co. ("**Mark Lam**")	Certified Public Accountants

Each of Gram Capital and Mark Lam has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/report and reference to its name in the form and context in which they are included.

As at the Latest Practicable Date:

(i) None of Gram Capital and Mark Lam has any shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group; and

(ii) None of Gram Capital and Mark Lam has any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any members 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 published audited financial statements of the Group were made up.

5. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

6. MISCELLANEOUS

(a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and the principal place of business of the Company in Hong Kong is located at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong.

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

(c) the company secretary of the Company is Mr. Tam Ngai Hung, Terry, who is a fellow of the Association of Chartered Certified Accountants and an associate of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and the principal place of business of the Company in Hong Kong at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong during normal business hours (from 9:00 a.m. to 5:00 p.m.) on any business day of this circular up to 14 days thereafter:

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

(b) the letter from the Board to the Shareholders, the text of which is set out on pages 7 to 28 of this circular;

(c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 29 to 30 of this circular;

(d) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 31 to 55 of this circular;

(e) the written consents from Gram Capital and Mark Lam referred to in the section headed "QUALIFICATIONS AND CONSENTS OF EXPERTS" in this appendix;

(f) the annual reports of the Company which included the audited consolidated accounts of the Group for the two financial years ended 31 December 2015;

(g) the Agreement;

(h) the Manufacturing Agreement and the Supplemental Manufacturing Agreements; and

(i) this circular.

CCT LAND HOLDINGS LIMITED
（中建置地集團有限公司）

(Incorporated in Bermuda with limited liability)

(Stock Code: 00261)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of CCT Land Holdings Limited (the "**Company**") will be held at 31/F., Fortis Tower, 77–79 Gloucester Road, Hong Kong on Friday, 14 October 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT:**

(a) the conditional agreement dated 3 August 2016 (the "**Agreement**") entered into between CCT Tech Global Holdings Limited ("**CCT Global**") as the vendor and CCT Fortis Holdings Limited ("**CCT Fortis**") as the purchaser, pursuant to which CCT Global conditionally agreed to sell, and CCT Fortis conditionally agreed to purchase or procure its designated nominee to purchase, the one (1) share of US$1.00 representing 100% of the issued share capital of Suremark Holdings Limited at a consideration of HK$24,000,000, which will be settled by set-off against the interest-free loan of HK$24,000,000 due by the Company to CCT Fortis (a copy of the Agreement is tabled at the meeting and marked "A" and initialed by the chairman of the meeting (the "**Chairman**") for identification purpose, and details of the Agreement and the transactions contemplated under the Agreement (the "**Transaction**") have been set out in the circular of the Company dated 27 September 2016, a copy of which is tabled at the meeting and marked "B" and initialed by the Chairman for identification purpose (the "**Circular**")), the special deal contemplated thereunder, and the entering into and execution of the Agreement and the Transaction by CCT Global be and is hereby approved, ratified and/or confirmed;

(b) the conditional manufacturing agreement dated 3 August 2016 (as amended and supplemented by the first supplemental manufacturing agreement dated 31 August 2016 and the second supplemental manufacturing agreement dated 14 September 2016) (the "**Manufacturing Agreement**") entered into between CCT Global and CCT Fortis, pursuant to which CCT Global conditionally agreed to cause its subsidiaries or other subsidiaries of the Company to manufacture and supply child products to CCT Fortis and/or its subsidiaries based on orders to be placed by CCT Fortis and/or its subsidiaries from time to time, subject to the terms and conditions of the Manufacturing Agreement (the "**Manufacturing Transactions**"), with the respective cap amounts (the "**Caps**") in relation to the Manufacturing Transactions of HK$50 million, HK$190 million and HK$250 million respectively for the period from the completion date of the Transaction to 31 December 2016 and each of the two financial years ending 31 December 2018 (a copy of the Manufacturing Agreement is tabled at the meeting and marked "C" and initialed by the Chairman for identification purpose, and details of the Manufacturing Agreement, the Manufacturing Transactions and the Caps have been set out in the Circular), the special deal contemplated thereunder, and the entering into and execution of the Manufacturing Agreement, the Manufacturing Transactions, the Caps and any other transactions contemplated under the Manufacturing Agreement by CCT Global be and is hereby approved, ratified and/or confirmed; and

(c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the Agreement, the Transaction, the Manufacturing Agreement, the Manufacturing Transactions and any other transactions contemplated under the Agreement and the Manufacturing Agreement."

By Order of the Board of
CCT LAND HOLDINGS LIMITED
Tam Ngai Hung, Terry
Director

Hong Kong, 27 September 2016

Head office and principal place of business in Hong Kong:
31/F., Fortis Tower
77–79 Gloucester Road
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either executed under its common seal or under the hand of any officer, attorney or other person duly authorised to sign the same.

3. Any shareholder entitled to attend and vote at the SGM or at any adjourned meeting thereof (as the case may be) is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint not more than two proxies (who must be an individual or individuals) to attend and vote instead of him/her on the same occasion. A proxy need not be a shareholder of the Company but must attend the SGM in person to represent him/her.

4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof (as the case may be). Such prescribed form of proxy for use at the SGM is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.cctland.com/eng/investor/statutory.php.

5. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the SGM or at any adjourned meeting thereof (as the case may be), either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM or at any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.