THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sinoref Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities in the Company.

SINOREF

SINOREF HOLDINGS LIMITED
華耐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SOARING INTERNATIONAL HOLDINGS LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND THE ISSUE OF PROMISSORY NOTE

Financial Adviser

AMASSE CAPITAL
寶 積 資 本

Capitalized terms used in this cover page shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Wednesday, 7 October 2015 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

15 September 2015

CONTENTS

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

"Acquisition"	the acquisition of the Sale Shares by the Company pursuant to the Agreement
"Agreement"	the conditional sale and purchase agreement dated 15 May 2015 and entered into by the Company and the Vendors in respect of the Acquisition
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI"	British Virgin Islands
"Company"	Sinoref Holdings Limited (華耐控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the provisions of the Agreement
"Completion Date"	third Business Day after the date of fulfillment of the conditions precedent under the Agreement (or such other date as the Company and the Vendors may agree in writing)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	HK$380,000,000, being the consideration for the Acquisition
"Consideration Shares"	up to a maximum of 520,000,000 new Shares to be issued by the Company to the Vendors (or their nominee(s)) pursuant to the Agreement
"Director(s)"	director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened to be held for the purpose of considering, and if thought fit, approving, among others, the Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares and the issue of the Promissory Note
"Enlarged Group"	the Group as enlarged by the Target Group upon Completion
"Group"	the Company and its subsidiaries
"HK Subsidiary"	VT Zero Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a party(ies) independent of and not connected with the Company and its connected persons
"Issue Price"	HK$0.32, being the issue price per Consideration Share
"Latest Practicable Date"	10 September 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2015 (or such other date as the Company and the Vendors may agree in writing)
"PRC"	The People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan

"PRC Subsidiary"	劃時零距電子(深圳)有限公司 (VT Zero (Shenzhen) Company Limited*), an enterprise incorporated in the PRC and a wholly-owned subsidiary of the HK Subsidiary
"Promissory Note"	the promissory note in the principal amount of HK$213,600,000 at the interest rate of 2% per annum to be issued by the Company to the Vendors (or their nominee(s)) pursuant to the Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	entire issued share capital of the Target Company
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company as at the Latest Practicable Date
"Shareholder(s)"	holder(s) of the Share(s)
"Specific Mandate"	the specific mandate for the allotment and issue of the Consideration Shares to be granted to the Directors by the Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Soaring International Holdings Limited, a company incorporated in the BVI with limited liability
"Target Group"	collectively, the Target Company, the HK Subsidiary and the PRC subsidiary
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor 1"	Mr. Lee Yim
"Vendor 2"	Mr. Ng Hang Fai Calvin
"Vendors"	collectively, Vendor 1 and Vendor 2

"Win All Management"	Win All Management Limited, a company incorporated in the BVI with limited liability and is wholly owned by Vendor 2
"%"	per cent

For the purpose of this circular, conversion of RMB into HK$ is based on the exchange rate of RMB1.00 to HK$1.25. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

* *for identification purposes only*

SINOREF

SINOREF HOLDINGS LIMITED

華耐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

Executive Directors:
Mr. Xu Yejun
Mr. Sin Kwok Wai Ronald

Non-executive Directors:
Mr. Chow Chi Wa
Ms. Yip Sum Yu

Independent Non-executive Directors:
Mr. Cao Ke
Mr. Tong Yiu On
Mr. Li Yik Sang

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
35/F
Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

15 September 2015

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SOARING INTERNATIONAL HOLDINGS LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND THE ISSUE OF PROMISSORY NOTE

INTRODUCTION

Reference is made to the announcement of the Company dated 15 May 2015 in respect of the Acquisition.

The Board is pleased to announce that, on 15 May 2015 (after trading hours), the Company entered into the Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK$380,000,000, which will be satisfied by the issue of the Consideration Shares and the Promissory Note.

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

In accordance with the Listing Rules, any Shareholder who has a material interest in the Acquisition shall abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the EGM. Considering, as at the Latest Practicable Date, Win All Management, a company wholly owned by Vendor 2, holds 130,000,000 Shares, representing approximately 6.34% of the total issued share capital of the Company, Win All Management will abstain from voting on the relevant resolution(s) at the EGM accordingly.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information of the Agreement and the transactions contemplated thereunder; (ii) financial information of the Group and the Target Group; (iii) pro forma financial information on the Enlarged Group; (iv) valuation report on the HK Subsidiary; and (v) notice of the EGM.

THE ACQUISITION AGREEMENT

Date: 15 May 2015

Parties

Purchaser: the Company

Vendors:
(a) Vendor 1; and
(b) Vendor 2

As at the Latest Practicable Date, Win All Management, a company wholly owned by Vendor 2, holds 130,000,000 Shares, representing approximately 6.34% of the total issued share capital of the Company.

Save as disclosed above, to the best knowledge, information and beliefs of the Directors, having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be Acquired

The Sale Shares, representing the entire issued share capital of the Target Company which is owned as to 50% by Vendor 1 and Vendor 2 respectively.

Consideration

The Consideration is HK$380,000,000, which will be settled by the Company to the Vendors in the following manners:

(i) as to HK$213,600,000 by way of delivery to the Vendors the Promissory Note issued by the Company in favour of the Vendors (or their nominee(s)) upon Completion; and

(ii) as to HK$166,400,000 by way of issuance of the Consideration Shares to the Vendors (or their nominee(s)) upon Completion.

Conditions Precedent

Completion is conditional upon the satisfaction of the following conditions precedent:

(i) the Company being satisfied with the results of the due diligence review of the Target Group;

(ii) all necessary consents and approvals required to be obtained on the part of the Vendors and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained;

(iii) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereby having been obtained;

(iv) the passing by the Shareholders at the EGM of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Consideration Shares (of and to such extent required);

(v) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;

(vi) the obtaining of a PRC legal opinion (in form and substance reasonably satisfactory to the Company) in relation to the transactions contemplated under the Agreement;

(vii) the obtaining of a valuation report on the HK Subsidiary prepared by an independent valuer appointed by the Company in form and substance satisfactory to the Company; and

(viii) the warranties provided by the Vendors under the Agreement remaining true and accurate in all material respects.

As at the Latest Practicable Date, none of the above conditions precedent have been fulfilled.

If the above conditions have not been satisfied on or before the Long Stop Date, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

EBITDA Guarantee

The Vendors irrevocably and unconditionally guarantee to the Company that the Target Company's audited consolidated earnings before interest, taxes, depreciation and amortization, as calculated from its audited consolidate statements to be prepared in accordance with HKFRS (the "**Audited Statements**"), for the financial year ended 31 March 2016 (the "**Actual EBITDA**") shall be not less than HK$10,000,000 (the "**Guaranteed EBITDA**");

In the event that the Actual EBITDA is less than the Guaranteed EBITDA, the Vendors shall pay a compensation amount (the "**Compensation**") to the Company as calculated below:

(Guaranteed EBITDA - Actual EBITDA) x 38 *(Note)*

Note: The EBITDA multiple of 38 times is calculated by dividing the Consideration by the Guaranteed EBITDA.

Where:

For the avoidance of doubt, if the Actual EBITDA is a negative figure, it should be considered as zero. The maximum amount of the Compensation payable by the Vendors shall not exceed the amount of the Consideration.

The Guaranteed EBITDA of HK$10,000,000 was determined with reference to the forecasted consolidated earnings before interest, taxes, depreciation and amortization of the Target Company for the financial year ended 31 March 2016 of approximately HK$16,650,000 under the Valuation (as defined below), which is prepared using discounted cash flow method.

The EBITDA multiple of 38 times was determined with reference to the Consideration and the Guaranteed EBITDA as the Board would like to strive for the best interests of the Company and the Shareholders by requiring the Vendors to compensate the Company to the extent equal to the maximum amount of the Consideration should the Target Group fails to meet the Guaranteed EBITDA.

The Actual EBITDA shall be determined according to the Audited Statements which shall be prepared and reported on by the auditor nominated by the Company within 3 months after the said period or any other date as agreed by the Vendors and the Company.

The Compensation shall be settled by the Vendors with the Company within seven (7) Business Days after determination of the Actual EBITDA firstly by setting off all accrued and unpaid interest under the Promissory Note; then secondly, by setting off the outstanding principal amount of the Promissory Note; and, lastly, in cash.

Further announcement(s) will be made by the Company to update the Shareholders about the outcome of the performance guarantees of the Target Group, as and when appropriate, in accordance with the relevant Listing Rules requirements.

Retention of the Target Group's Existing Management

According to the Agreement, the Vendors, both being the directors and the founders of the Target Group, shall enter into a legally binding service agreement with the Target Group reasonably satisfactory to the Company to the effect that the Vendors shall continue to serve the Target Group for no less than three years after Completion.

Completion

Completion shall take place on the Completion Date.

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration of HK$380,000,000 is determined based on arm's length negotiations between the Company and the Vendors with reference to, among others, the estimated value of the entire equity interest of the HK Subsidiary (the "**Valuation**"), of HK$392,000,000, as at 30 April 2015 prepared by STEINBERG Appraisal and Consulting (Hong Kong) Limited (the "**Valuer**"), an independent valuer. Accordingly, the Directors consider that the Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Valuation is prepared using discounted cash flow method under the income approach. Therefore, the Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

In assessing the Valuation, the Directors have reviewed the principal assumptions upon which the Valuation is based under the valuation report (the "**Valuation Report**") prepared by the Valuer and are of the view that the Valuation has been made after due and careful enquiry.

The Valuation Report, including details of the assumption and methodology of the Valuation, is set out in Appendix VI to this circular. The letter from Amasse Capital Limited, financial adviser to the Company, and the letter from Elite Partners CPA Limited, the reporting accountants of the Company, in respect of the said profit forecast are set out in Appendix VII and Appendix VIII, respectively, to this circular.

CONSIDERATION SHARES AND THE ISSUE PRICE

The Consideration Shares will be allotted and issued at the Issue Price of HK$0.32 each, which represents:

(i) a discount of approximately 31.91% to the closing price of HK$0.470 per Share as quoted on the Stock Exchange on the date of the Agreement;

(ii) a discount of approximately 23.99% to the average closing price of HK$0.421 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement; and

(iii) a premium of approximately 28.00% over the closing price of HK$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was determined after arm's length negotiation between the Company and Vendors with reference to the placing price of HK$0.31 per Share as announced by the Company on 16 April 2015. The Directors consider that the Issue Price is fair and reasonable.

The Consideration Shares represent approximately 25.38% of the existing issued share capital of the Company as at the Latest Practicable Date and represent approximately 20.24% of the issued share capital of the Company as enlarged by the allotment and issue of Consideration Shares.

THE SPECIFIC MANDATE

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank *pari passu* in all respects with the existing Shares in issue.

PROMISSORY NOTE

The principal terms of the Promissory Note are as follows:

Issuer:	The Company
Principal amount:	HK$213,600,000
Maturity date:	the day falling on the third anniversary of the date of issue of the Promissory Note (the "**Maturity Date**")
Interest:	2% per annum
Early Redemption:	The Company may redeem in whole or in part the outstanding principal of the Promissory Note at any time prior to the Maturity Date. Any redemption of the outstanding principal of the Promissory Note shall be made together with interest accrued on the redeemed amount up to the redemption date.

The Directors are of the view that the terms of the Promissory Note are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated on 5 March 2015 in the BVI with limited liability and an authorized share capital of US$50,000 divided into 50,000 ordinary shares of US$1.0 each, of which 2 ordinary shares have been issued as at the Latest Practicable Date. Its principal activity is investment holding.

The HK Subsidiary, a wholly-owned subsidiary of the Target Company, is a company incorporated in Hong Kong with limited liability which has issued 10,000 ordinary shares with total amount of paid up capital of HK$10,000 as at the Latest Practicable Date.

The PRC Subsidiary, a wholly-owned subsidiary of the HK Subsidiary, is an enterprise incorporated in the PRC with limited liability and with a registered capital of RMB500,000.

Business Model of the Target Group

The Target Group is principally engaged in the business of e-commerce and information technology.

E-Commerce

Under this segment, the Target Group operates its products buying office, which is located in Shenzhen of the PRC, to sources products, covering a wide range of products such as cell phone and gaming accessories, home and garden products and computer and peripheral products, from the manufacturers in the PRC and resell to the overseas wholesale and retail customers through e-commerce platform. The sales of the Target Group are mainly made to overseas countries, including but not limited to the United States, the United Kingdom, Canada and Australia.

Since the establishment in 2007, the Target Group is principally focused on the cross border e-commerce business as the Target Group sources products from the manufacturers in the PRC and resell to the overseas wholesale and retail customers through several popular e-commerce platforms, including but not limited to eBay, Amazon and Alibaba. With approximate 8 year experiences on the said business, the Target Group has attracted interested customers from over 180 countries and developed a maple customer base by accumulating over 2.50 million customer contacts.

In addition to the aforesaid third party platforms, to further capture the potential growth in e-commerce industry, the Target Group has been establishing its own e-commerce platform and the platform is expected to be launched in early 2017, which could serve as another sale channel for the Target Group while provides additional source of income to the Target Group.

Information Technology

Under this segment, the Target Group provides e-commerce solutions and related support services and sell information technology products. Currently, the main products of the Target Group include the two e-commerce products as discussed below.

The Target Group has developed two e-commerce products in 2015.

i. *Multi Marketplace Sales Management Product (the "**Multi Marketplace Product**")*

Development and Implementation Plan:

The Multi Marketplace Product has passed the testing phase and was available for sale in May 2015.

Purpose of the Multi Marketplace Product:

The Multi Marketplace Product is providing sales, inventory and after-sales management interface which help online small and medium-sized enterprises sellers to manage their products listings across different sites and manage their inventories from warehousing.

Target Market:

The Multi Marketplace Product targeted small to medium scaled size online selling companies in China, Hong Kong and South East Asia.

ii. *WeChat Multi-User Sales and Service Application (the "**WeChat Application**")*

Development and Implementation Plan:

The WeChat Application has entered the final testing phase and will be available for sale in October 2015.

Purpose of the WeChat Application:

The WeChat Application is a single platform which helps users to manage multi social marketing platforms, including but not limited to WeChat, Alipay Service Window and Baidu Zhida.

Target Market:

The WeChat Application targeted sellers who promote their products on social network applications.

Capital requirement:

No additional resources were required as the Multi Marketplace Product and the WeChat Application were developed by the Target Group internal information technology experts.

Details of Services and Sources of income:

The Target Group receives license fees from licensing the Multi Marketplace Product and the WeChat Application to licensees. In addition, the Target Group also provides system integration and customization and maintenance services to licensees in return of services fees.

Financial Information of the Target Group

Set out below are financial information of the Target Group as extracted from its audited consolidated financial statements prepared in accordance with the HKFRS for the two years ended 31 March 2014 and 2015:

	For the year ended 31 March 2014	**For the year ended 31 March 2015**
	HK$	*HK$*
	(audited)	*(audited)*
Net profit before taxation and extraordinary items	81,000	3,093,000
Net profit after taxation and extraordinary items	81,000	2,933,000

The total assets and the total liabilities of the Target Group as at 31 March 2015 according to its audited consolidated financial statements were approximately HK$16.86 million and HK$16.35 million respectively.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the consolidated financial results of the Target Company will be consolidated into the Group's financial statement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacture and sale of advanced steel flow control products and the manufacture and sale of paper converting equipment and other relating equipment.

According to the annual report (the "**2014 Annual Report**") of the Company for the year ended 31 December 2014 ("**FY2014**"), the production and operation of steel manufacturers were under tremendous pressure and challenges amidst the deteriorating global market and the fluctuating iron ore prices, which in turn lowered the average selling price of the products and the profitability of the Group. As a result of the challenging conditions, the Group's loss and total comprehensive expense for FY 2014 was approximately RMB173.7 million, compared to approximately RMB56.8 million for the previous year. The loss was mainly due to, among others, the significant drop of the average product price. Aiming at enhancing the Group's profitability and in view of the steel industry has been delivering disappointing performances and is still under uncertainties, the Group will evaluate other potential business opportunities.

According to the "measuring the information society report 2014" published by International Telecommunications Union, an United Nations specialized agency for information and communication technologies, the number of worldwide internet users grew from approximately 2 billion in 2011 to 3 billion in 2014, which covered around 40% of the world population in 2014, representing a compounded annual growth rate ("**CAGR**") of approximately 14.47%. Further, according to the statistics and estimates published by the eMarketer, a research company covering digital marketing, media and commerce, in July 2014, (i) the worldwide business to customer e-commerce sales were expected to be increased from approximately US$1.23 trillion in 2013 to US$2.36 trillion in 2018, representing an CAGR of approximately 13.92%; and (ii) the worldwide digital buyer penetration rate over the internet users was expected to be increased from 41.3% in 2013 to 47.3% in 2017. Accordingly, the Board is of the view that the e-commerce business is in a steady growth phase.

In addition, according to <<關於落實《政府工作報告》重點工作部門分工的意見>> (Opinions on the implementation of division of work under the report on the work of the government*) issued by the State Council of the PRC on 25 March 2015, the PRC government planned to, among others, (i) formulate the "Internet Plus" action plan; (ii) promote the integration of modern manufacturing industry and mobile internet, cloud computing, big data and internet of things; (iii) encourage the development of e-commerce business; and (iv) guide the expansion of internet enterprises into international market.

Taking into consideration of the potential growth in the e-commerce business and the favourable support from the PRC government, the Board is optimistic about the future development of e-commerce business and the industry in which the Target Group operates.

The Directors are of the view that the Acquisition provides a prime opportunity for the Group to enter into the e-commerce industry and diversify the revenue stream of the Group which is expected to increase the Shareholders' value and benefit the Company and the Shareholders as a whole.

Taking into consideration of the above, the Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following Completion (assuming that there is no change in the issued share capital of the Company from the date of this circular and up to Completion other than the issue of the Consideration Shares):

	As at the Latest Practicable Date		**Immediately following Completion**	
	No. of Shares	*approximate %*	*No. of Shares*	*approximate %*
Fully Wealthy Inc.	205,012,000	10.00%	205,012,000	7.98%
Vendor 1	–	–	260,000,000	10.12%
Vendor 2 *(Note)*	130,000,000	6.34%	390,000,000	15.18%
Sub-total	**130,000,000**	**6.34%**	**650,000,000**	**25.30%**
Other Public Shareholders	1,714,216,000	83.65%	1,714,216,000	66.72%
TOTAL	2,049,228,000	100.00%	2,569,228,000	100.00%

Note: Win All Management, a company wholly owned by Vendor 2, is the legal and beneficial owner of 130,000,000 Shares, representing approximately 6.34% of the total issued share capital of the Company as at the Latest Practicable Date.

As illustrated above, upon Completion, there will not be a change of control of the Company.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the consolidated financial results of the Target Company will be consolidated into the Group's financial statement. The unaudited pro forma financial information of the Enlarged Group is prepared as if the Acquisition had taken place at 30 June 2015.

The accompanying unaudited pro-forma financial information of the Enlarged Group has been prepared to illustrate the effect of the Acquisition. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix V to this circular.

Net Assets

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix V to this circular, as at 30 June 2015, the total assets of the Enlarged Group will increase from RMB657,754,000 (equivalent to approximately HK$822,192,500) to RMB980,114,000 (equivalent to approximately HK$1,225,142,500), the total liabilities of the Enlarged Group will increase from RMB107,236,000 (equivalent to approximately HK$134,045,000) to RMB296,476,000 (equivalent to approximately HK$370,595,000) and the net assets of the Enlarged Group will increase from RMB550,518,000 (equivalent to approximately HK$688,147,500) to RMB683,638,000 (equivalent to approximately HK$854,547,500) as a result of the Acquisition.

Earnings

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its consolidated net profit will be consolidated to the Enlarged Group. Therefore, it is expected that the earnings of the Enlarged Group will increase as a result of the Acquisition.

THE LISTING RULES IMPLICATIONS

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

In accordance with the Listing Rules, any Shareholder who has a material interest in the Acquisition shall abstain from voting on the resolution(s) to approve the Acquisition and the transactions contemplated thereunder at the EGM. Considering, as at the Latest Practicable Date, Win All Management, a company wholly owned by Vendor 2, holds 130,000,000 Shares, representing approximately 6.34% of the total issued share capital of the Company, Win All Management will abstain from voting on the relevant resolution(s) at the EGM accordingly.

EGM

The EGM will be convened and held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder.

A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Wednesday, 7 October 2015 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

The ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

RECOMMENDATION

The Board considers that the terms of the Agreement and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

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

By order of the Board
Sinoref Holdings Limited
Mr. Xu Yejun
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for the years ended 31 December 2012, 2013 and 2014 have been published in the annual reports per below:

(i) the financial information of the Group for the year ended 31 December 2014 is disclosed in the annual report of the Company for the year ended 31 December 2014 published on 18 March 2015, from pages 57 to 151;

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0318/LTN20150318584.pdf

(ii) the financial information of the Group for the year ended 31 December 2013 is disclosed in the annual report of the Company for the year ended 31 December 2013 published on 22 April 2014, from pages 56 to 119; and

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0422/LTN20140422253.pdf

(iii) the financial information of the Group for the year ended 31 December 2012 is disclosed in the annual report of the Company for the year ended 31 December 2012 published on 26 April 2013, from pages 53 to 111.

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0426/LTN20130426922.pdf

All of which have been published on the websites of the Company (http://www.sinoref.com.hk) and the Stock Exchange (http://www.hkexnews.hk).

2. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

According to the annual report of the Company for the year ended 31 December 2014, the steel industry has been delivering disappointing performances and is still facing uncertainties, in addition to the business of manufacturing steel flow control products, the Group has been evaluating other potential business opportunities, with the aim to enhance its profitability. Despite the sluggish performance of the steel industry in 2014, the management of the Company was cautiously optimistic in its outlook in 2015, given the improving economic conditions and the supportive policies from the PRC government.

Taking into consideration of the potential growth in the e-commerce business and the favourable support from the PRC government, details of which are disclosed in the section headed "Reasons for and benefits of the Acquisition" under the "Letter from the Board" to this circular, the Board is optimistic about the future development of e-commerce business and the industry in which the Target Group operates. Upon Completion, the Enlarged Group will enter into the e-commerce industry aiming to diversify the revenue stream and improve the profitability of the Enlarged Group.

In the long run, the Enlarged Group will continue to evaluate suitable investments that present development opportunities and provide additional stable income streams.

3. INDEBTEDNESS STATEMENT

As at 31 July 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

	Note	**RMB**
Bank loans, unsecured and guaranteed	*(i)*	648,000
Bank loans, secured and unguaranteed	*(ii)*	20,000,000
Others loans, unsecured and unguaranteed	*(iii)*	609,000
		38,500,000

(i) Bank Loans, Unsecured and Guaranteed

As at 31 July 2015, the Enlarged Group had bank loans of approximately RMB648,000 were pledged in favor of the banks by the personal guarantee executed by directors of the Target Company.

(ii) Bank Loans, Secured and Guaranteed

As at 31 July 2015, the Enlarged Group had bank loan of approximately RMB20,000,000 were secured by leasehold land and building with a net carrying value of RMB6,244,000 and RMB25,300,000 respectively as at 31 July 2015 of the Group.

(iii) Other Loans, Unsecured and Unguaranteed

As at 31 July 2015, the Enlarged Group had other loans of approximately RMB609,000, which were unsecured and unguaranteed.

For the purpose of the above statement of indebtedness, foreign currency denominated amounts has been translated into Renminbi at the rates of exchange of RMB0.80 to HK$1 as at 31 July 2015.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 31 July 2015 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that after taking into account the internal financial resources of the Enlarged Group, the available credit facilities and the effect of the Acquisition, the Enlarged Group will have sufficient working capital for at least the next twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Set out below are the management discussion and analysis of the Group for the years ended 31 December 2012, 2013 and 2014 as extracted from its respective annual reports.

(I) FOR THE YEAR ENDED 31 DECEMBER 2012

Market Review

The European debt crisis has been lingering since the beginning of 2012 and, coupled with the rising concern of the US fiscal cliff in the second half of 2012, contributed to a bumpy global economic recovery. Worries about the ability of European policymakers to manage the Eurozone crisis and US policymakers to agree on a fiscal plan surely played important roles. All of these factors, coupled with the pronounced slowdown of China's domestic economic growth, the sluggish iron and steel industry has exerted significant impact on the trend of the iron and steel market. At the same time, the sustained deterioration of the market condition, overcapacity, excess inventory and the inflation of iron ore prices have brought enormous pressure and challenges for the production and operations of steel manufacturers.

Notwithstanding the considerable uncertainties about the global economy and the prospects of the domestic iron and steel industry, China's crude steel output volume in 2012 slightly increased by approximately 3.1% year-on-year to approximately 716.5 million tonnes according to the World Steel Association. Favourable government policies appear to have fuelled this growth momentum. China's 12th Five-Year Plan (5YP) is the main contributor to this increase. Green low-carbon smelting, comprehensive utilisation of resources and independent innovation are key themes of the current 5YP. Manufacturing plants not attaining required improvements are eliminated or forced to upgrade their existing facilities in order to comply with the more stringent emission reduction policy. In addition, newly built manufacturing plants are targeting at the high-end market with greater emission reduction capabilities. The result is a growing demand for advanced steel flow control products. The core competencies of the Group allow it to accommodate the specific needs of its market. The outstanding research and development achievements of the Group have attained numerous patents and entitled the Group to the Chinese High-tech Enterprise tax relief. The management remains steadfast in its development strategy for its advanced steel flow control products to better capture the blooming business opportunities driven by government policy while helping to promote a greener China in the future.

Business Review

Expanded Production Capacity

As the second production line commenced its commercial production in the fourth quarter of 2011, together with the production capacity of the first production line, the annual production capacity of the Group's has been more than doubled to approximately 16,800 tonnes. During the year ended 31 December 2012, the Group's sales volume continued to grow and the utilisation rates of the first and second production lines were 100% and approximately 20% respectively. The increase in the utilisation rate was driven by the rapid expansion of our customer base in both domestic and overseas markets, which led to the gradual increase in the Group's output volume in 2012.

Broadened Customer Base in Domestic Market

As a result of the Group's top-notch advanced steel flow control products and prominent reputation in the industry, the Group received an encouraging result in expanding and further cementing our customer base. During the year ended 31 December 2012, the Group had secured new customers including top 2012 500 Chinese enterprises – namely Panggang Group Company Limited (攀鋼集團有限公司), Liuzhou Iron & Steel Company Limited (柳州鋼鐵股份有限公司) and Benxi Beiying Iron & Steel (Group) Company Limited (本溪北營鋼鐵 (集團) 股份有限公司). Including the new additions, the Group's total number of customers has reached 27. This comprise nine of the top 10 steel manufacturers in the PRC, including Baosteel Group, Shougang Group, Hebei Steel Group and Wuhan Steel Group. For the year ended 31 December 2012, the Group generated approximately RMB22.7 million in revenue from the new customers, representing 7.1% of the total revenue.

Expanded Overseas Market

The management of the Group understands the importance of diversifying its customer base especially under nowadays volatile market condition. As such, it has devoted considerable effort to expand the overseas market and has achieved remarkable results. The Group's overseas customers include the world's largest steel and mining company, ArcelorMittal, the world's largest manufacturer, processor and distributor of special long steel products, Deutsche Edelstahlwerke GmbH and the largest steel producer in Russia, Magnitogorsk Iron & Steel Works. As a result, including both its domestic and overseas customers, the Group has established business partnerships with five of the top 10 steel manufacturers in the world. During the year, the Group generated approximately RMB13.3 million in revenue from overseas customers, an increase of approximately 432% as compared with RMB2.5 million for the previous year. The Group intends to adhere to its business strategies to continuously expand its overseas network in order to increase its brand awareness globally and strengthen its leading position in the industry.

Enhanced Research and Development

The management of the Group strive to uphold and enhance its core competency technology. To further cement the Group's market leading position, its research and development team has continuously devoted time and effort to collaborate with the leading research institutions and universities to develop its own proprietary advanced steel flow products with unique technologies. During the period under review, the Group attained five new utility patents namely Carbonless-liner Ladle Shroud (一種in-situ無碳內襯長水口), Steel-plated Shell for Ladle Shroud (一種鋼包長水口用鋼殼), Embedded Porcelain Nut for Stoppers used in Continuous Casting of Steel (鋼鐵連鑄用塞棒的陶瓷質埋入螺母), Anti-steel Flow Leakage Upper Nozzle Steel Shell (防鋼水滲流上水口鋼殼) and Anti-steel Flow Leakage Tundish Upper Nozzle (防鋼水滲漏中間包上水口) and one new registered invention patent namely Subentry Nozzle for Thin Slab Casting Process (薄板坯浸入式水口). As at 31 December 2012, the Group had a total of 13 registered patents. Not only have the proprietary advanced steel flow products allowed the Group to enjoy the preferential tax rate, but its state-of-the-art products have also pushed the Group's sales volume to new heights.

Financial Review

Revenue

For the year ended 31 December 2012, the Group's revenue decreased slightly to approximately RMB322.7 million, representing a decrease of approximately 0.2% as compared with approximately RMB323.4 million for the previous year. The decrease in revenue was mainly due to the decrease in average selling price, notwithstanding the rising sales volume. Total sales volume increased by approximately 17.4% to approximately 10,100 tonnes for the year ended 31 December 2012. Such growth was a combined effect of (i) securing 3 new customers in the PRC who have collectively purchased approximately 730 tonnes from the Group during the reviewing period and contributed approximately RMB22.7 million or 7.1% to the Group's total revenue in 2012; and (ii) securing new overseas end-use customers who have made combined purchases with existing overseas end-use customers totaling approximately RMB13.3 million or 4.1% of the Group's total revenue in 2012.

Cost of Sales

The Group's cost of sales mainly comprised costs of raw materials, labour, depreciation and other direct costs of sales. During the year, the Group's cost of sales increased by approximately 18.9% from RMB142.7 million in 2011 to approximately RMB169.7 million in 2012. The increase was mainly attributable to the increase in sales volume, costs of raw materials and depreciation.

Gross Profit & Gross Profit Margin

The Group's gross profit decreased by approximately 15.4% from approximately RMB180.7 million for the year ended 31 December 2011 to approximately RMB153.0 million for the year ended 31 December 2012. The Group's gross profit margin also decreased from approximately 55.9% for the year ended 31 December 2011 to approximately 47.4% for the year ended 31 December 2012. The decrease in the Group's gross profit and gross profit margin were mainly attributable to (i) the increase in costs of raw materials by approximately 13.8%; (ii) the decrease in average selling price; and (iii) the depreciation of the second production line which commenced operation in the fourth quarter of 2011.

Selling and Distribution Costs

The Group's selling and distribution costs comprised sales commission, sales staff costs and transportation costs. During the year under review, our selling and distribution costs increased slightly to approximately RMB29.5 million, representing an increase of approximately 4.2% from approximately RMB28.3 million for the previous year. The increase was mainly attributable to the increase in transportation costs due to the increased sales volume.

Administrative Expenses

The Group's administrative expenses decreased by approximately 20.6% from approximately RMB39.3 million for year ended 31 December 2011 to approximately RMB31.2 million for the year ended 31 December 2012. The decrease was primarily due to the decrease of the amortisation of non-cash expenses associated with the share options from approximately RMB18.0 million for the year ended 31 December 2011 to approximately RMB12.2 million in 2012, notwithstanding the increase in staff costs of approximately 14.8% from approximately RMB6.1 million for the year ended 31 December 2011 to approximately RMB7.0 million for the year ended 31 December 2012.

Taxation

During the period under review, the Group's PRC subsidiary has successfully applied for the Chinese High-tech Enterprise Certification (中國高新技術企業認證). As a result, the Group's PRC subsidiary was subject to the PRC Enterprise Income Tax ("EIT") rate of 15% for the period under review and the same rate will apply in the next 2 years.

Profit for the Year

As a result of the foregoing, the Group's profit for the year decreased by approximately 21.2% to approximately RMB72.5 million from approximately RMB92.0 million for the previous year. The Group's net profit margin also decreased accordingly from approximately 28.4% for the previous year to approximately 22.5% in the current year. The decrease was mainly due to a combination of factors, which include (i) the decrease in average selling price; (ii) the increase in costs of sales by approximately 18.9% from approximately RMB142.7 million for the year ended 31 December 2011 to approximately RMB169.7 million in 2012, driven by the increase in raw material costs; (iii) the decrease in administration expenses mainly attributable to the amortisation of non-cash expenses of approximately RMB12.2 million associated with share options granted to management and staff; and (iv) the adjustment the PRC EIT rate subject to the group to 15% as a result of the approval of the preferential tax rate for the year ended 31 December 2012. The Group's earnings per share decreased by approximately 21.3% from RMB7.67 cents for the year ended 31 December 2011 to RMB6.04 cents in 2012.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2012 (2011: HK$1 cent (equivalent to approximately RMB0.81 cent) per share).

Capital Structure, Liquidity and Financial Resources

During the year ended 31 December 2012, the Group's net cash from operating activities was approximately RMB77.7 million (2011: RMB88.0 million) and the Group's bank balances and cash was approximately RMB369.8 million (2011: RMB305.6 million).

Total equity of the Group as at 31 December 2012 was approximately RMB619.7 million (2011: RMB544.8 million). The Group does not have any outstanding bank loan as at 31 December 2012 (2011: nil).

Pledge of Assets

As at 31 December 2012, the Group did not have any pledge of assets.

Contingent Liabilities

As at 31 December 2012, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor is our Group aware of any pending or potential material legal proceedings involving the Group.

Human Resources and Staff Remuneration

As at 31 December 2012, the Group had 243 staff members employed in mainland China and Hong Kong (2011: 223). Total staff costs for the year were approximately RMB49.0 million (2011: RMB53.0 million). During the year, the Group continued to reinforce the training provided to its staff by providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided timely update to all staff with the latest government policies of the industry to continuously enhance the professional standard and quality of the staff. Meanwhile, the Group has provided competitive remuneration for the staff which encourages them to commit themselves and serve customers wholeheartedly.

Prospects

Waves of regional unrest, the slow pace of global economic recovery due to the Eurozone crisis and averting the US fiscal cliff have made 2012 the gloomiest year for the iron and steel industry in recent times. Overcapacity, excess inventory and the inflation of iron ore prices are still the main obstacles to the progressive growth of domestic steel manufacturers. However, the surplus capacity was alleviated in the fourth quarter of 2012 which helped ease the adverse condition of the steel manufacturers. According to the recent forecast by the Chinese Academy of Social Sciences, China's GDP annual growth rate is expected to increase to 8.4% in 2013 from 7.8% in the previous year. The successful structural transformation of China's economy into a domestic demand driven model has gradually uplifted steel consumption in the machinery, car manufacturing and electrical appliances industries. Coupled with the ongoing rapid urbanisation and the increasing need of upgrading infrastructure in the PRC, the management anticipates a gradual domestic economic upturn of growth in 2013.

At the same time, in response to the rising public awareness of air pollution in China, the elimination of outdated production facilities and an upgrade of emission reduction equipment are progressively moving forward. While research and development capability remains as the Group's core competence, it continues to be enhanced through collaborating with well-known universities and research institutions in enriching the Group's product range. This initiative goes beyond being a proactive market move to contributing to the policy in promoting a greener China.

The management of the Group understands the diversification of its customer base reduces the dependence on a single market. The marketing team is utilising its strength in the domestic market to solicit more customers in China as well as in overseas markets particularly Europe, Korea, Taiwan and North America.

While 2012 has been a very tough year for the iron and steel industry, the Group has leveraged its competitive edge and has successfully achieved encouraging results despite the adverse market conditions. Motivated by this modest success in 2012, the management stands firm on its development strategies for advanced steel flow control products and is more strongly resolved to overcome the challenges in the coming years.

(II) FOR THE YEAR ENDED 31 DECEMBER 2013

Market Review

In 2013, the global economy was turbulent made complicated by the myriad issues it faced. In the international community, there were the United States debt crisis, the European debt crisis and the unrest in the Arab world. The aftermath of all of these political and economic crises continued to affect the recovery of the world's economy, leading to a decline in demand for commodities-based products, a fragile commodities market, sluggish selling prices for commodities and financial market volatility. In the PRC, gross domestic product reported a growth of approximately 7.7% in 2013, the slowest since 1999. The growth slowdown in the domestic economy, coupled with overcapacity but inadequate demand, excess inventory, inflation of iron ore prices, and continuing decline in steel price have put enormous pressure on the production and operations of steel manufacturers. As a result, a certain amount of large steel manufacturers were still suffering losses.

Even worse, many small industry players were forced to be closed down due to a break in the capital chain. According to the World Steel Association, the total production of crude steel in China has increased from approximately 708.8 million tonnes in 2012 to approximately 779.0 million tonnes in 2013, representing an increase of approximately 9.9%. However, according to the China Steel Logistics Professional Committee, China's steel purchasing managers' index was 47.7% in December 2013, remaining in a contraction mode for the fourth consecutive month since September. The dilemma of excess output and sluggish demand has exerted significant impact on steel prices. According to the National Development and Reform Commission of China, steel prices in the first half of 2013 declined considerably, and lingered at low levels during the second half of the year. In December 2013, the composite steel price index dropped to 99.28, which was even lower than that of 1994.

Although the new leadership governing China has taken measures to accelerate industry restructuring, the pace is still slower than anticipated and the desired result has yet to materialise.

Business Review

Consolidation in Customer Base

Building on its strong reputation in the industry and leading technologies in the design and manufacturing of advanced steel flow control products, the Group has further consolidated its customer base in the PRC market. During the year ended 31 December 2013, the Group has secured another two strategic important new customers, Jiangsu Shagang Group (江蘇沙鋼集團有限公司) and Hebei Shougang Qian'An Iron & Steel Co. Ltd (河北省首鋼遷安鋼鐵有限公司). Meanwhile, the Group continued to be the key supplier of the top 10 steel manufacturers in the PRC, including Baosteel Group, Shougang Group, Hebei Group and Wuhan Steel. Going forward, we will continue to explore business opportunities with domestic steel manufacturers to drive further business growth.

Expanded Overseas Market

During the year under review, the global economy has seen a moderate recovery which has created more international business opportunities. As a result, the management understands the importance of diversifying its customer base and has devoted substantial efforts to further expand the overseas market. The Group has built up the reputation of the brand "Sinoref" among the steel industry over the years and has successfully gained good reputation among many of the world's most renowned steel manufacturers, including: the world's largest steel and mining company, ArcelorMittal; and the world's largest manufacturer, processor and distributor of special long steel products, Carboref GmbH; and during the period under review, the Group recorded encouraging results in expanding into overseas markets, with overseas revenue rising from approximately RMB13.2 million in 2012 to approximately RMB25.9 million in 2013. We will strive to enhance our global brand awareness with the view to strengthen the Group's leading position in the industry.

Enhanced Research and Development

For the year ended 31 December 2013, the Group has attained five new utility patents and one new registered invention patent. This brings the Group's total to 18 registered patents as at the end of the year under review. The strong research and development capability is a core competitive edge of Sinoref that has helped the Group become China's second largest advanced steel flow control product manufacturer just a few years after its founding. Apart from further developing its steel flow control products business, the Group has also been seeking potential opportunities in steel-related as well as non-steel related businesses. During the period under review, the Group significantly boosted its investment in research and development to further diversify its business. For the year ended 31 December 2013, Sinoref's research and development team has 32 professionals, and the expenses on research and development amounted to approximately RMB14 million, representing approximately 7.5% of the Group's total revenue. As a result, we have adopted a number of leading self-developed technologies which enable the Group to enjoy a preferential tax rate as a Chinese High-tech Enterprise, supporting future earnings to record new heights.

Financial Review

Revenue

For the year ended 31 December 2013, the Group's revenue was approximately RMB186.4 million (2012: RMB322.7 million). The decrease in revenue was mainly due to the volatility of product price, and the decrease of sales volume, in particular that generated from the domestic market. Total sales volume decreased by approximately 11.7% from approximately 10,100 tonnes for the year ended 31 December 2012 to approximately 8,917 tonnes for the year ended 31 December 2013. This decrease was due to a reduced purchase volume from customers caused by the sluggish market demand in the steel industry.

Cost of Sales

The Group's cost of sales mainly comprised costs of raw materials, labour, depreciation and other direct costs of sales. During the year under review, the Group's cost of sales decreased by approximately 4.6% from RMB169.7 million in 2012 to approximately to RMB161.9 million in 2013, primarily due to the decrease in purchase of raw materials and the decrease in sales volume.

Gross Profit & Gross Profit Margin

The Group's gross profit decreased from approximately RMB153.0 million for the year ended 31 December 2012 to approximately RMB24.5 million for the year ended 31 December 2013. As a result, the Group's gross profit margin also dropped from approximately 47.4% for the year ended 31 December 2012 to approximately 13.2% for the year ended 31 December 2013. The decrease in the Group's gross profit and gross profit margin were mainly attributable to (i) the decline in sales volume; and (ii) the decrease in average selling price.

Impairment Loss Recognised in Respect of Property, Plant and Equipment

Due to the weakening of steel market in China of continuing decline in steel demand and price, the recoverability of the relevant carrying amounts of the Group's plant and equipment exceeded their recoverable amounts. An impairment loss of approximately RMB29.1 million has been recognised for the year ended 31 December 2013.

Selling and Distribution Costs

The Group's selling and distribution costs comprised sales commissions, sales staff costs and transportation costs. During the year under review, our selling and distribution costs decreased to approximately RMB20.6 million, representing a decrease of approximately 30.1% from approximately RMB29.5 million for the previous year. The decrease was mainly attributable to the decrease in sales commissions and transportation costs.

Administrative Expenses

The Group's administrative expenses increased by approximately 5.1% from approximately RMB31.2 million for year ended 31 December 2012 to approximately RMB32.8 million for the year ended 31 December 2013. The increase was primarily due to the increase of research and development expenses, amounting to approximately RMB14.0 million for the year ended 31 December 2013 as the Group dedicated significant efforts to enhance its competitive advantage in advanced technologies and exposure of new business. The increase was off-set by the drop in share-based payment from approximately RMB12.2 million for the year ended 31 December 2012 to approximately RMB0.4 million for the year ended 31 December 2013 due to the cancellation of certain equity-settled share options in 2013.

Taxation

In 2012, the Group's PRC subsidiary has successfully applied for the Chinese High-tech Enterprise Certification. As a result, the Group's PRC subsidiary was subject to the PRC EIT rate of 15% for the year under review and the same rate will apply in the year ending 31 December 2014.

(Loss) Profit and Total Comprehensive (Expense) Income for the Year

As a result of the challenging conditions, the Group's loss and total comprehensive expense for the year was approximately RMB56.8 million, compared to a profit and total comprehensive income for the year of approximately RMB72.5 million for the previous year. The decrease was mainly due to a combination of factors, which include (i) the decrease in revenue as a result of a declining sales volume and average selling price; and (ii) impairment loss recognised in respect of property, plant and equipment. The Group's earnings per share decreased from RMB6.04 cents for the year ended 31 December 2012 to RMB4.73 cents loss per share in 2013.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2013 (2012: Nil).

Capital Structure, Liquidity and Financial Resources

During the year ended 31 December 2013, the Group's net cash used in operating activities was approximately RMB52.1 million (2012: net cash generated from operating activities RMB77.7 million) and the Group's bank balances and cash was approximately RMB312.3 million (2012: RMB369.8 million).

Total equity of the Group as at 31 December 2013 was approximately RMB563.3 million (2012: RMB619.7 million). The Group does not have any outstanding bank loan as at 31 December 2013 (2012: nil).

Gearing ratio is calculated based on total debt at the end of the year divided by total assets at the end of the year multiplied by 100%. As at 31 December 2013, as the Group was at a net cash position without any bank borrowings, long term debts or payables incurred not in the ordinary course of business, the gearing ratio of the Group was nil.

Pledge of Assets

As at 31 December 2013, the Group did not have any pledge of assets.

Foreign Exchange Exposure

The major functional currency of the Group is RMB but during the year under review certain transactions of the Group are denominated in Hong Kong dollars, Euro dollars and US dollars, which expose the Group to foreign currency risk. During the year under review, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk and did not adopt a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the year under review.

Significant Investments Held

During the year under review, except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company.

Contingent Liabilities

As at 31 December 2013, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceeding, nor is our Group aware of any pending or potential material legal proceeding involving the Group.

Human Resources and Staff Remuneration

As at 31 December 2013, the Group had 287 staff members employed in mainland China and Hong Kong (2012: 243). Total staff costs for the year were approximately RMB31.2 million (2012: RMB49.0 million). During the year under review, the Group continued to reinforce the training provided to its staff by providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided timely update to all staff with the latest government policies of the industry to continuously enhance the professional standard and quality of the staff. Meanwhile, the Group has provided competitive remuneration for the staff which encourages them to commit themselves and serve customers whole-heartedly.

Prospects

In the face of the continuous sluggish performance of the steel industry, the PRC government has issued a directive "Guiding Opinions of the State Council on Resolving Serious Production Overcapacity Conflicts"《國務院關於化解產能嚴重過剩矛盾的指導意見》 in October 2013, which aims to eliminate 80 million tonnes of steel production capacity by 2017. The government will monitor the results and implement an appraisal system, thereby encouraging local governments to take immediate action. The Group will closely monitor the impact of the changes in industrywide policies, and apply its leading technologies to meet evolving production requirements of steel manufacturers.

Looking ahead, despite the weakness in 2013, the management is cautiously optimistic in its outlook in 2014, given the improving economic conditions and supportive government policies. We believe that the PRC government will devote more attention to meet its capacity reduction target by accelerating the closure of obsolete capacity and restructuring within the steel industry, which will as a result create a healthier and supply-demand balanced environment.

While the steel industry has been delivering disappointing performances and is still facing uncertainties, in addition to the business of manufacturing steel flow control products, we are also evaluating other potential business opportunities, with the aim to enhance our profitability. Both the up-and down-stream business segments in the steel industry will be our targets, yet the Group would take an open attitude to any complementary business with bright market prospects. In March 2014, the Company has entered into a share transfer agreement with Rainbow Phoenix Holdings Limited ("**Rainbow Phoenix**") to acquire 100% interest of Accura Machinery & Manufacturing (Taicang) Company Limited ("**Accura**"), a company principally engaged in the sales and production of paper converting equipment and other related equipment. Pursuant to such share transfer agreement, Rainbow Phoenix agreed to guarantee that the audited consolidated net profit after taxation of Accura for the financial year ending 31 December 2014 shall not be less than RMB10 million. "Accura" is a renowned brand in China with its headquarters in the Yangtze Delta. The acquisition will provide an excellent opportunity to diversify the business of the Group and broaden the revenue base of the Group.

In the long run, the Group's strategy will include evaluating suitable investments that present development opportunities, which provide additional stable income streams that lead to sustainable probability.

(III) FOR THE YEAR ENDED 31 DECEMBER 2014

Market Review

In 2014, the global economy was in its mild recovery from the turbulent issues of debt crises in the United States of America, European countries and the unrest in the Arab world. The aftermath of all these political and economic crises continued to affect the world economy, leading to a decline in demand for the commodities-based products, a fragile commodities market, sluggish commodity selling prices and volatile financial market. The Chinese economy remained on the path of moderation with the gross domestic product reported at a growth rate at about 7.4%. The growth slowdown in the domestic economy, coupled with overcapacity but inadequate demand, excess inventory, inflation of iron ore prices, and continuing decline in steel price have put enormous pressure on the production and operations of steel manufacturers. As a result, a certain amount of large steel manufacturers were still suffering losses. Even worse, many small industry players were forced to be closed down due to a break in the capital chain.

According to calculations published by the China Iron and Steel Association (CISA), apparent crude steel demand in China fell 3.4% year on year to approximately 738.3 million tonnes in 2014; and the total production rose 0.9% to 822.7 million tonnes over the year. The steel output of China in 2014 grew at the slowest rate since 1981. The low growth rate in the output suggests that China's authorities have had some success in efforts to lower production and close polluting plants.

The issued figures by the CISA showed that the average daily crude steel production of China's major steelmakers was approximately 1.7 million tonnes between 21-31 December 2014, down 3.6% from the previous 10 days (11-20 December). The CISA had urged producers to continue slashing excess capacity and improving efficiency as steel output in China could be approaching its peak.

According to the World Steel Association, the world crude steel production reached approximately 1,662 million tonnes for the year 2014, up by 1.2% compared to 2013; whilst China's share of world crude steel production decreased from 49.7% in 2013 to 49.5% in 2014.

Since the steel flow control product business is a steel-related industry, the business of the Company was adversely affected by the weakness of steel prices and steel production in 2014.

Business Review

The Group is principally engaged in the manufacture and sale of advanced steel flow control products including subentry nozzle, stopper, tundish nozzle and ladle shroud. The production and operation of steel manufacturers were under tremendous pressure and challenges amidst the deteriorating global market and the fluctuating iron ore prices; that in turn lowered the average selling price of the products and profitability of the Group. Moreover, while the Group incurred higher research and development costs, selling and distribution costs also increased due to higher sales volume. The business and financial performances of the Group for 2014 were therefore negatively affected. Nevertheless, the Group strived to maintain its leading positions in the market for the period under review by solidifying the foothold of its existing steel flow control products business, and at the same time developing new businesses and adopted a diversification strategy to explore opportunities for new sources of income.

Consolidation in Customer Base

Building on its strong reputation in the industry and leading technologies in the design and manufacturing of advanced steel flow control products, the Group has further consolidated its customer base in the PRC market. During the year ended 31 December 2014, the Group has secured another two strategic important new customers, Shanxi Xinxing Kiln & Furnace Group Co. Ltd. (山西新型爐業集團有限公司) and Zhangjiagang Rongsheng Steel-Making Co., Ltd. (張家港榮盛煉鋼有限公司). Meanwhile, the Group continued to be the key supplier of the top 10 steel manufacturers in the PRC, including Baosteel Group, Shougang Group, Hebei Group and Wuhan Steel. Going forward, we will continue to explore business opportunities with domestic steel manufacturers to drive further business growth.

Expanded Overseas Market

During the year under review, the global economy has seen a moderate recovery which has created more international business opportunities. As a result, the management understands the importance of diversifying its customer base and has devoted substantial efforts to further expand the overseas market. The Group has built up the reputation of the brand "Sinoref" among the steel industry over the years and has successfully gained a good reputation of many of the world's most renowned steel manufacturers, including: the world's largest steel and mining company, ArcelorMittal; and the world's largest manufacturer, processor and distributor of special long steel products, Carboref GmbH; and during the year under review, the Group recorded encouraging results in expanding into overseas markets, with overseas revenue rising from approximately RMB25.9 million in 2013 to approximately RMB36.7 million in 2014. We will strive to enhance our global brand awareness with the view to strengthen the Group's leading position in the industry.

Enhanced Research and Development

For the year ended 31 December 2014, the Group has attained five new utility patents. This brings the Group's total to 22 registered patents as at the end of the year. The strong research and development capability is a core competitive edge of Sinoref that has helped the Group become China's second largest advanced steel flow control product manufacturer just a few years after its founding.

Besides further developing its steel flow control products business, the Group has also been seeking potential opportunities in steel-related as well as non-steel related businesses. During the year under review, the Group significantly boosted its investment in research and development to further diversify its business. For the year ended 31 December 2014, Sinoref's research and development team has 33 professionals, and the expenses on research and development amounted to approximately RMB32.7 million, representing approximately 13.6% of the Group's total revenue.

As a result, we have adopted a number of leading self-developed technologies which enable the Group to enjoy a preferential tax rate as a Chinese High-tech Enterprise, supporting future earnings to record new heights.

Financial Review

Revenue

For the year ended 31 December 2014, the Group's revenue was approximately RMB240.9 million (2013: RMB186.4 million). The increase in revenue was mainly due to (i) our expansion in overseas market; and (ii) the significant drop in our average selling price to boost our sales. Total sales volume increased by approximately 50.3% to approximately 13,403 tonnes from 8,917 tonnes for the year ended 31 December 2014.

Cost of Sales

The Group's cost of sales mainly comprised costs of raw materials, labour, depreciation and other direct costs of sales. During the year, the Group's cost of sales increased by approximately 64.9% from RMB161.9 million in 2013 to approximately to RMB267.0 million in 2014. The significant increase was mainly attributable to the increase in the sale volume during the year.

Gross (Loss) Profit

Due to the sluggish market demand in the steel industry, the Group experienced a gross loss of approximately RMB26.1 million for the year ended 31 December 2014. For the year ended 31 December 2013, the Group recorded a gross profit of approximately RMB24.5 million with approximately 13.2% gross profit margin. The gross loss was mainly resulted from the significant cut down on our average products price in order to capture the market in the current competitive environment.

Impairment Loss Recognised in Respect of Property, Plant and Equipment

Due to the weakening of steel market in China of continuing decline in steel demand and price, the recoverability of the relevant carrying amounts of the Group's plant and equipment exceeded their recoverable amounts. An impairment loss of approximately RMB24.3 million has been recognised for the year ended 31 December 2014 (2013: RMB29.1 million).

Impairment Loss Recognised in Respect of Trade Receivables

As the repayment ability of Chinese steel enterprises deteriorates, an impairment loss for trade receivables has been recognised. For the year ended 31 December 2014, impairment loss for trade receivables amounted to approximately RMB30.6 million (2013: nil).

Selling and Distribution Costs

The Group's selling and distribution costs comprised sales commissions, sales staff costs and transportation costs. During the year under review, its selling and distribution costs increased to approximately RMB27.5 million, representing an increase of approximately 33.4% from approximately RMB20.6 million for the previous year. The increase was mainly attributable to the increase in sales volume.

Administrative Expenses

The Group's administrative expenses and other expenses increased by approximately 121.9% from approximately RMB32.8 million for year ended 31 December 2013 to approximately RMB72.9 million for the year ended 31 December 2014. The significant increase was mainly attributable to the increase of research and development expenses, amounting to approximately RMB32.7 million for the year ended 31 December 2014. The Group has devoted more resources to research and development for creating more new products to meet with its customers' needs.

Finance Cost

The Group's finance costs were approximately RMB1.1 million for the year ended 31 December 2014 (2013: nil). The interest rate for bank loan was at a fixed interest rate of 6.9% per annum.

Taxation

One of the Group's PRC subsidiaries successfully obtained the Chinese High-tech Enterprise Certification. Consequently, this PRC subsidiary was entitled to the PRC EIT rate of 15% until 2014. The EIT rate for another PRC subsidiary of the Company is 25%.

Loss and Total Comprehensive Expense for the Year

As a result of the challenging conditions, the Group's loss and total comprehensive expense for the year was approximately RMB173.7 million, compared to approximately RMB56.8 million for the previous year. The loss was mainly due to a combination of factors, which include (i) the significant drop of our average product price; (ii) impairment loss in respect of property, plant and equipment; and (iii) impairment loss in respect of trade receivables. The Group's loss per share increased from RMB4.73 cents for the year ended 31 December 2013 to RMB11.55 cents loss per share in 2014.

Final Dividends

The Board does not recommend the payment of a final dividend for year ended 31 December 2014 (2013: Nil).

Capital Structure, Liquidity and Financial Resources

During the year ended 31 December 2014, the Group's net cash used in operating activities was approximately RMB238.1 million (2013: net cash used in operating activities RMB52.1 million) and the Group's bank balances and cash was approximately RMB102.7 million (2013: RMB312.3 million).

Total equity of the Group as at 31 December 2014 was approximately RMB526.5 million (2013: RMB563.3 million). The Group has an outstanding bank loan of approximately RMB20.0 million as at 31 December 2014 (2013: nil).

Gearing ratio is calculated based on total debt at the end of the year divided by total assets at the end of the year multiplied by 100%. As at 31 December 2014, the gearing ratio of the Group was 3.8% (2013: nil).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The acquisition of Accurate Trade International Limited was completed on 16 April 2014 by the Company as detailed in note 33. Besides, the Company has entered into a conditional sale and purchase agreement for the acquisition of Time Credit Limited on 3 November 2014.

During the year ended 31 December 2014, except for investments in its subsidiaries, the Company did not hold any significant investment in equity interest in any other company.

The Group has always been investing in research and development activities. Such expenditure amounted to about RMB32.7 million for the year ended 31 December 2014.

Pledge of Assets

As at 31 December 2014, the Group pledged certain of its buildings and leasehold land with aggregate net carrying value of approximately RMB32,300,000 (2013: nil) as collaterals for the bank loan granted to the Group.

Contingent Liabilities

As at 31 December 2014, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor is our Group aware of any pending or potential material legal proceedings involving the Group.

Human Resources and Staff Remuneration

As at 31 December 2014, the Group had 371 staff members employed in mainland China and Hong Kong (2013: 287). Total staff costs for the year were approximately RMB38.1 million (2013: RMB31.2 million). During the year, the Group continued to reinforce the training to its staff by providing training and study opportunities for management staff and professional technicians. In addition, the Group has provided a timely update to all staff about the latest government policies of the industry to continuously enhance the professional standard and quality of the staff. Meanwhile, the Group has provided competitive remuneration for staff which encourages them to commit themselves and serve customers wholeheartedly.

Prospects

In the face of the continuous sluggish performance of the steel industry, the PRC government has issued a directive "Guiding Opinions of the State Council on Resolving Serious Production Overcapacity Conflicts"《國務院關於化解產能嚴重過剩矛盾的指導意見》 in October 2013, which aims to eliminate 80 million tonnes of steel production capacity by 2017. The government will monitor the results and implement an appraisal system, thereby encouraging local governments to take immediate action. The Group will closely monitor the impact of the changes in industry-wide policies, and apply its leading technologies to meet evolving production requirements of steel manufacturers.

The Group is principally engaged in the manufacture and sale of advanced steel flow control products and the manufacture and sale of paper converting equipment and other relating equipment. Despite the sluggish performance of the steel industry in 2014, the management is cautiously optimistic in its outlook in 2015, given the improving economic conditions and supportive government policies. We believe that the PRC government will devote more attention to meet its capacity reduction target by accelerating the closure of obsolete capacity and restructuring within the steel industry, which will create a healthier and supply-demand balanced environment.

While the steel industry has been delivering disappointing performances and is still facing uncertainties, in addition to the business of manufacturing steel flow control products, we are also evaluating other potential business opportunities, with the aim to enhance our profitability. Both the up-and downstream business segments in the steel industry will be our targets, and the Group would also take an open attitude to any complementary business with bright market prospects.

On 3 November 2014, the Group has entered into a share transfer agreement with an individual third party, pursuant to which the Group conditionally agreed to acquire 90% of the issued share capital in Time Credit Limited, a company principally engaged in the money lending business. The acquisition is expected to provide the Group an excellent opportunity to engage in a new line of business with growth potential, broaden its source of income and revenue base.

In the long run, the Group's strategy will include evaluating suitable investments that present development opportunities, which provide additional stable income streams that lead to sustainable probability.

The following is the text of a report received from the reporting accountants, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular.

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

Suites 2B-4A, 20/F., Tower 5,
China Hong Kong City,
33 Canton Road, TST, Kowloon,
Hong Kong

15 September 2015

The Board of Directors
Sinoref Holdings Limited
35th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Soaring International Holdings Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") for the years ended 31 March 2013, 2014 and 2015 (the "Relevant Periods"), for inclusion in a circular (the "Circular") to be issued by Sinoref Holdings Limited (the "Company") dated 15 September 2015 in connection with, among others, the proposed acquisition of the entire issued share capital of the Target Company (the "Acquisition").

The Target Company was incorporated in the British Virgin Islands ("BVI") as a limited liability company on 5 March 2015. Through a corporate reorganisation as explained in Note 1 to the Section II, the Target Company has become the holding company of the Target Group. The principal activity of the Target Company is investment holding.

As at the date of this report, the Target Company has the following subsidiaries:

Name of subsidiaries	Legal form, date and place of incorporation/ operation	Issued and fully paid share capital/ paid up capital	Proportion ownership interest held by the Target Company	Principle activity
VT Zero Limited ("HK Subsidiary")	Limited liability company incorporated on 24 January 2007, Hong Kong	HK$10,000	100% (direct)	Trading of electronic appliances accessories and software integration

Name of subsidiaries	Legal form, date and place of incorporation/ operation	Issued and fully paid share capital/ paid up capital	Proportion ownership interest held by the Target Company	Principle activity
劃時零距電子(深圳)有限公司 (“PRC Subsidiary”)	Limited liability company established on 25 February 2011, PRC	RMB500,000	100% (indirect)	Trading of electronic appliances accessories and software integration

The statutory financial statements of the HK Subsidiary for the years ended 31 March 2013, 2014 and 2015 were prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities and were audited by the following Hong Kong Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Name of entity	Financial Year	Auditors
VT Zero Limited	For the year ended 31 March 2013	CC Alliance CPA & Co.
	For the year ended 31 March 2014 and 2015	Elite Partners CPA Limited

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

The statutory financial statements of the PRC subsidiary for the years ended 31 December 2012, 2013 and 2014 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and were audited by Shenzhen Hongdaxin Certified Public Accountants, which is registered in the PRC.

For the purpose of this report, the directors of the Target Company have prepared the Financial Information for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the “**Underlying Financial Statements**”). The Financial Information for the Relevant Periods are prepared based on the Underlying Financial Statements, with no adjustments made thereto, and in accordance with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' Responsibilities

The directors of the Target Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Listing Rules, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which this report is included.

Reporting Accountant's Responsibilities

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing and the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information are free from material misstatement.

Opinion

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of Target Group and the Target Company as at 31 March 2013 and 2014 and 2015, and of the results and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION OF THE TARGET GROUP

Combined Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 March		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*5*	63,137	89,296	89,862
Cost of sales		(52,532)	(74,439)	(76,308)
Gross profit		10,605	14,857	13,554
Other income	*6*	21	93	113
Selling and distribution expenses		(657)	(699)	(237)
Administrative expenses		(9,479)	(13,848)	(9,313)
Profit from operations		490	403	4,117
Interest expenses	*7*	(156)	(322)	(1,024)
Profit before taxation	*8*	334	81	3,093
Income tax expense	*10*	–	–	(160)
Profit for the year		334	81	2,933
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss:				
Exchange gain/(loss) on translation of financial statements of foreign operation		(2)	1	–
Other comprehensive income/(expense) for the year		(2)	1	–
Total comprehensive income for the year		332	82	2,933

Combined Statement of Financial Position

		As at 31 March		
		2013	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	*12*	165	128	108
Intangible assets	*13*	–	1,711	2,851
		165	1,839	2,959
Current assets				
Trade receivables	*14*	7,681	2,139	3,877
Prepayments, deposits and other receivables	*15*	2,065	2,154	2,011
Inventories	*16*	1,475	3,796	4,768
Amount due from directors	*17*	888	832	1,700
Amount due from related party	*17*	4,145	3,734	–
Cash and bank balances		1,188	1,472	1,547
		17,442	14,127	13,903
Current liabilities				
Trade payables	*18*	9,358	8,497	8,918
Other payables and accruals	*18*	180	886	463
Bank borrowing and overdraft	*19*	2,975	4,007	1,972
		12,513	13,390	11,353
Net current assets		4,929	737	2,550
Total assets less current liabilities		5,094	2,576	5,509
Non-current liabilities				
Other borrowing	*20*	7,600	5,000	5,000
Net (liabilities)/assets		(2,506)	(2,424)	509
Capital and reserves				
Share capital	*21*	1	1	1
Reserves		(2,507)	(2,425)	508
Total equity		(2,506)	(2,424)	509

Combined Statement of Changes in Equity

	Share capital *HK$'000*	Exchange reserve *HK$'000*	(Accumulated losses)/retained earnings *HK$'000*	Total *HK$'000*
At 1 April 2012	1	–	(2,839)	(2,838)
Profit for the year	–	–	334	334
Exchange differences on translation of foreign operations	–	(2)	–	(2)
Total comprehensive income for the year	–	(2)	334	332
At 31 March 2013 and 1 April 2013	1	(2)	(2,505)	(2,506)
Profit for the year	–	–	81	81
Exchange differences on translation of foreign operations	–	1	–	1
Total comprehensive income for the year	–	1	81	82
At 31 March 2014 and 1 April 2014	1	(1)	(2,424)	(2,424)
Profit for the year	–	–	2,933	2,933
Exchange differences on translation of foreign operations	–	–	–	–
Total comprehensive income for the year	–	–	2,933	2,933
At 31 March 2015	1	(1)	509	509

Combined Statement of Cash Flows

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Profit before taxation	334	81	3,093
Adjustments for:			
Depreciation	120	106	114
Interest expenses	156	322	1,024
Operating cash flow before movements in working capital	610	509	4,231
Increase in inventories	(513)	(2,321)	(972)
(Increase)/decrease in trade receivables	(3,618)	5,542	(1,738)
(Increase)/decrease in prepayments, deposits and other receivables	(1,166)	(89)	143
(Increase)/decrease in due from directors	(635)	56	(868)
(Increase)/decrease in due from related party	(3,312)	411	3,734
Increase/(decrease) in trade payables	3,451	(861)	421
Increase/(decrease) in other payables	32	706	(583)
Cash (used in)/generated from operations	(5,151)	3,953	4,368
Cash flows from investing activities			
Purchase of property, plant and equipment	(165)	(69)	(94)
Development of intangible assets	–	(1,711)	(1,140)
Cash used in investing activities	(165)	(1,780)	(1,234)
Cash flows from financing activities			
Drawdown in other borrowing	5,000	5,000	–
Repayment in other borrowing	–	(7,600)	–
Draw loan in bank borrowing	–	1,032	–
Repayment in bank borrowing	(208)	–	(2,035)
Interest paid	(156)	(322)	(1,024)
Cash generated from/(used in) financing activities	4,636	(1,890)	(3,059)
Net (decrease)/increase in cash and cash equivalents	(680)	283	75
Cash and cash equivalents at the beginning of the year	1,870	1,188	1,472
Effect of exchange rate changes	(2)	1	–
Cash and cash equivalents at the end of the year	1,188	1,472	1,547
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	1,188	1,472	1,547

II. NOTES TO THE FINANCIAL INFORMATION OF THE TARGET GROUP

1. CORPORATION REORGANISATION

Prior to its proposed acquisition by the Company, Soaring International Holdings Limited (the "Target Company") underwent a corporate reorganisation which included the following:

– On 5 March 2015, the Target Company, which controlled by Vendor 1 and Vendor 2, was incorporated and the entire equity interests of HK Subsidiary were transferred to the Target Company on 7 May 2015.

Accordingly, for the purpose of the preparation of the Financial Information, the Target Company is considered as the holding company of the companies now comprising the Target Group throughout the Relevant Periods. The Target Group comprising the Target Company and its subsidiaries resulting from the corporate reorganisation is regarded as a continuing entity. The Target Group is under the control of the Vendor 1 and Vendor 2 prior to and after the corporate reorganisation. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Target Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period. The combined statements of financial position as at 31 March 2013, 2014 and 2015 have been prepared to present the assets and liabilities of the companies comprising the Target Group as at the respective dates as if the current group structure had been in existence at those dates.

At the date of this report, Vendor 1 and Vendor 2 own 50% share of the Target Company respectively. The address of the registered office of the Target Company is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, BVI. The principal activity of the Target Company is engaged in investment holding.

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

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has throughout the Relevant Periods consistently adopted all HKFRSs which are effective for accounting period beginning on 1 January 2012 throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 10 and HKFRS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

– Step 1: Identify the contract(s) with a customer

– Step 2: Identify the performance obligations in the contract

– Step 3: Determine the transaction price

– Step 4: Allocate the transaction price to the performance obligations in the contract

– Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Target Company anticipate that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Target Group performs a detailed review.

Except those mentioned above, management of the Target Company anticipate that application of other new and revised HKFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Target Company and the HK Subsidiary were incorporated on 5 March 2015 and 24 January 2007 respectively by the same individual. For the purpose of the rationalisation of the Target Group's structure, on 7 May 2015, 100% equity interests of the HK Subsidiary has been transferred to the Target Company (the "Reorganisation"). The Target Company became the holding company of the HK Subsidiary.

The Reorganisation is considered as a business combination under common control because the Target Company and the HK Subsidiary are ultimately controlled by the same individual both before and after completion of the Reorganisation. Accordingly, the Reorganisation will be accounted for using the principles of merger accounting.

For the purpose of this report, the Financial Information has been prepared to present the combined statement of financial position, the combined statement of profit or loss and other comprehensive income, the combined statement of cash flows and combined statement of changes in equity include the results and cash flow of each combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, as if the Target Company has always had interest in the HK Subsidiary.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise their judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4 to the Financial Information.

The accounting policies set out below have been applied consistently to the Relevant Periods presented in the Financial Information.

Basis of Consolidation

The combined financial statements incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Business Combination Involving Entity under Common Control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sale related taxes.

Sale of Goods

Revenue from sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

– the Target Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

– the Target Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

– the amount of revenue can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Target Group; and

– the costs incurred or to be incurred in respect of the transaction can be measured reliably

Service Income

Service income is recognised when services are rendered.

Property, Plant and Equipment

Property, plant and equipment are stated in the combined statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Asset

Research and Development Activities

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meet the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Leasing

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

The Target Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Target Group's foreign operations are translated into the presentation currency of the Target Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Retirement Benefits Costs

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment of Tangible and Intangible Assets other than Goodwill

At the end of each of the Relevant Periods, the Target Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised when a Target Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets

The Target Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

– *Effective interest method*

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

Income is recognised on an effective interest basis for debt instruments.

– *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, amount due from related parties and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

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

– *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

Financial Liabilities and Equity Instruments

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

– *Equity instruments*

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

Financial liabilities

Financial liabilities including trade and bills payables, other payables and bank borrowing are subsequently measured at amortised cost using the effective interest method.

– *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

– *Financial liabilities*

Financial liabilities (including trade and other payables, bank loan and other loan) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Cash and Cash Equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value.

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;

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENT

In the application of the Target Group's accounting policies, which are described in Note 3, management of the Target Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the critical judgement, apart from those involving estimations (see below), that the management have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Estimated Useful Lives of Property, Plant and Equipment

Management of the Target Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles.

Management of the Target Group will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. REVENUE AND SEGMENT INFORMATION

Management of the Target Group review the Target Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources. Operating segment is identified with reference to these.

Management of the Target Group consider that the business of the Target Group is organised in two operating segments which is (i) E-commerce segment; and (ii) Information technology segment.

The following is an analysis of the Target Group's revenue and results by operating segment for the years ended 31 March 2013, 2014 and 2015:

	E-Commerce			Information Technology			Total		
	2013	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue									
Revenue from external customers	61,125	88,377	89,184	2,012	919	678	63,137	89,296	89,862
Segment results	(1,678)	(838)	2,415	2,012	919	678	334	81	3,093
Profit before tax							334	81	3,093
Depreciation and amortization	120	106	114	–	–	–	120	106	114

The following is an analysis of the Target Group's assets and liabilities by operating segment for the years ended 31 March 2013, 2014 and 2015:

	E-Commerce			Information Technology			Total		
	2013	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	16,719	13,423	12,311	–	1,711	2,851	16,719	15,134	15,162
Corporate and other unallocated assets							888	832	1,700
Total assets							17,607	15,966	16,862
Segment liabilities	20,113	18,390	16,353	–	–	–	20,113	18,390	16,353
Corporate and other unallocated liabilities							–	–	–
Total liabilities							20,113	18,390	16,353

Geographical information

The directors of the Target Group considered that over 90% of the Target Group's assets and liabilities as at 31 March 2013, 2014 and 2015 were allocated to E-Commerce segment and are located in Hong Kong. Accordingly, no geographical segment on the Target Group's assets and liabilities has been presented.

Revenue information

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
United states	43,134	64,027	52,513
United Kingdom	2,489	9,004	32,379
Canada	476	2,997	231
Australia	14,604	12,086	3,872
PRC	411	244	8
Hong Kong	2,012	919	678
Others	11	19	181
Total	63,137	89,296	89,862

Information About Major Customers

No customer generated revenue more than 10% of the Target Group's revenue during the Relevant Periods.

6. OTHER INCOME

An analysis of other income is as follows:

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Other income	21	93	113

Other income represents refund for lost and damaged goods received from trading insurance.

7. INTEREST EXPENSES

An analysis of interest expenses is as follows:

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank borrowing	154	215	423
Interest on other borrowing	2	107	601
	156	322	1,024

8. PROFIT BEFORE TAXATION

The Target Group's profit before taxation for the Relevant Periods is arrived at after charging:

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Cost of inventories sold	52,532	74,439	76,308
Auditors' remuneration	18	18	8
Depreciation	120	106	114
Operating lease rentals in respect of:			
land and buildings	779	1,120	793
Employee benefit expense (including directors' remunerations)			
– Salaries, allowances and benefits in kind	6,655	8,737	6,722
– Retirement benefit schemes contributions	129	97	94
	6,784	8,834	6,816

9. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' Emoluments

The emoluments of the directors of the Target Company for the Relevant Periods are set out below:

	Fees	**Salaries, allowances and benefits in kind**	**Retirement benefit schemes contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2013				
Mr. Lee Yim	–	712	20	732
Mr. Ng Hang Fai, Calvin	–	712	20	732
Mr. Chan Kai Sing	–	–	–	–
	–	1,424	40	1,464
Year ended 31 March 2014				
Mr. Lee Yim	–	804	14	818
Mr. Ng Hang Fai, Calvin	–	804	14	818
Mr. Chan Kai Sing	–	–	–	–
	–	1,608	28	1,636
Year ended 31 March 2015				
Mr. Lee Yim	–	695	19	714
Mr. Ng Hang Fai, Calvin	–	695	19	714
Mr. Chan Kai Sing	–	–	–	–
	–	1,390	38	1,428

During the Relevant Periods, Mr. Lee Yim was appointed as chief executive director of the HK Subsidiary.

During the Relevant Periods, no emolument were paid by the Target Group to the directors as an inducement to join or upon joining the Target Group or as compensation for loss of office.

Neither the chief executive nor any of the directors waived or agreed to waive any emolument during the Relevant Periods.

Employees' Emoluments

Of the five individuals with the highest emoluments in the Target Group, two are directors, Mr. Lee Yim and Mr. Ng Hang Fai Calvin. The aggregate of the emoluments of the other three individuals were as follows:

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and benefits in kind	691	793	744
Retirement benefit schemes contributions	35	40	37
	726	833	781

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the Target Group to the above highest paid individuals as (i) an inducement to join or upon joining the Target Group; or (ii) as compensation for loss of office as a director or management of any members of the Target Group. No such emoluments were agreed to be waived by the relevant individuals.

10. INCOME TAX EXPENSE

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Current Tax			
Hong Kong Profits Tax	–	–	160

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Relevant Periods.

Pursuant to the rules and regulations of the BVI, the Target Company is not subject to any income tax in the BVI.

The tax charge for the Relevant Periods can be reconciled to profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation	334	81	3,093
Tax at Hong Kong Profits Tax rate of 16.5%	55	13	510
Tax effect of expenses not deductible for tax purpose	20	17	19
Utilisation of tax losses previously not recognised	(59)	(17)	(357)
Utilisation of deductible temporary difference previously not recognised	(16)	(13)	(12)
Income tax for the Relevant Periods	–	–	160

11. DIVIDEND

No dividend has been declared during the Relevant Periods.

12. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Leasehold improvement *HK$'000*	Total *HK$'000*
Cost:				
At 1 April 2012	292	141	92	525
Additions	40	72	53	165
At 31 March 2013 and 1 April 2013	332	213	145	690
Additions	54	15	–	69
At 31 March 2014 and 1 April 2014	386	228	145	759
Additions	–	5	89	94
At 31 March 2015	386	233	234	853
Accumulated depreciation:				
At 1 April 2012	261	76	68	405
Provided for the year	36	37	47	120
At 31 March 2013 and 1 April 2013	297	113	115	525
Provided for the year	43	37	26	106
At 31 March 2014 and 1 April 2014	340	150	141	631
Provided for the year	39	33	42	114
At 31 March 2015	379	183	183	745
Net carrying amount:				
At 31 March 2015	7	50	51	108
At 31 March 2014	46	78	4	128
At 31 March 2013	35	100	30	165

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Computer equipment	33%
Furniture, fixtures and office equipment	20%
Leasehold improvements	50%

13. INTANGIBLE ASSETS

	HK$'000
Cost	
At 1 April 2012, 31 March 2012 and 1 April 2013	–
Addition	1,711
At 31 March 2014	1,711
Addition	1,140
At 31 March 2015	2,851

The intangible assets arise from the development phase of internal projects. No amortisation was provided since the projects have not been completed.

14. TRADE RECEIVABLES

Trade receivables represent the amounts due from online payment system.

Management of the Target Group consider that no receivables are past due and no impairment is needed since those receivables are recoverable within 30 days.

Aging analysis of all trade receivables are within 30 days. The Target Group does not hold any collateral over these balances.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Prepayment	1,398	1,319	1,340
Deposit and other receivables	667	835	671
	2,065	2,154	2,011

16. INVENTORIES

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Electronic appliances	1,475	3,796	4,768

All inventories in the Relevant Periods were stated at cost.

17. AMOUNTS DUE FROM DIRECTORS AND RELATED PARTY

Amounts Due from Directors

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Lee Yim	444	416	850
Ng Hang Fai Calvin	444	416	850
	888	832	1,700

The amounts are unsecured, interest free and repayable on demand.

The maximum debit balances for amounts due from each of the directors during the year ended 31 March 2013, 2014 and 2015 were HK$453,000, HK$444,000 and HK$850,000 respectively.

Amount Due from Related Party

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Dot Global Sourcing Limited	4,145	3,734	–

The directors of the Target Group are the common director of the related party.

The amounts are unsecured, interest free and repayable on demand.

18. TRADE AND OTHER PAYABLES

The aging and credit period on trade payables was 30 days.

19. BANK BORROWING AND OVERDRAFT

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Bank loan	2,888	4,007	1,972
Bank overdraft	87	–	–
	2,975	4,007	1,972

Carrying Amount Repayable as follows

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year or on demand	2,454	2,517	1,647
More than one years, but not exceeding five years	521	1,490	325
	2,975	4,007	1,972

The unsecured and guaranteed bank loans of approximately HK$2,888,000, HK$1,700,000 and HK$768,000 as at 31 March 2013, 2014 and 2015 respectively were pledged in favor of the bank by the personal guarantee executed by directors of the Target Company.

The interest rate on bank loans was range from 4.2% to 5.16% per annum for the Relevant Periods.

As at 31 March 2013, 2014 and 2015, all of the borrowings are denominated in Hong Kong dollars.

20. OTHER BORROWING

Pursuant to the loan agreement entered into between HK Subsidiary and JL Investment Capital Limited ("JL") (a third party independent from the HK Subsidiary) dated 23 December 2011, 19 September 2012 and 27 December 2012 (the "JL Loan Agreement"), JL agreed to make available to the HK Subsidiary a loan facilities in the principal sum up to HK$7,900,000 (the "JL Loan"). The JL Loan was interest-free and repayable upon expiry of 36 months from the date of JL Loan Agreements respectively. In addition, the JL Loan was pledged in favour of JL by the personal guarantee executed by directors of HK Subsidiary. As at 31 March 2013, the JL Loan drawn down was HK$7,600,000.

Pursuant to the loan agreement entered into between HK Subsidiary and Time Credit Limited ("TC") (a third party independent from the HK Subsidiary) dated 28 January 2013 and extended on 9 January 2015 (the "TC Loan Agreement"), TC agreed to make available to the HK Subsidiary a financing facilities in the principal sum up to HK$5,000,000 (the "TC Loan"). The monthly interest was HK$50,000 and repayable on 28 December 2015. In addition, the TC Loan was pledged by the property owned by a director of HK Subsidiary and the personal guarantee executed by the directors of HK Subsidiary. As at 31 March 2014 and 2015, the TC Loan drawn down was HK$5,000,000 and HK$5,000,000 respectively.

21. SHARE CAPITAL

	Number of shares at US$1 per share	**Amount**
		HK$'000
Authorised:		
At 31 March 2013, 31 March 2014 and 31 March 2015	50,000	390
Issued and fully paid:		
At 31 March 2013, 31 March 2014 and 31 March 2015	2	1

The Target Company was incorporated in the BVI with limited liability on 5 March 2015 (date of incorporation) with an initial authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. The Target Company issued 2 shares of US$1 each at par for cash on 16 April 2015.

For the purpose of the preparation of the Financial Information, the Target Company is considered as the holding company of the companies now comprising the Target Group throughout the Relevant Periods as disclosed in note 1, and the share capital represented the Target Company's share capital throughout the Relevant Periods.

22. RETIREMENT BENEFIT SCHEME

The Target Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Target Group in funds under the control of trustees. Mandatory benefits are provided under the MPF Scheme. The Target Group contributes the lower of 5% of the relevant payroll costs and HK$1,500 per employee to the MPF Scheme.

The total expenses recognised in the combined statements of profit or loss and other comprehensive income amounted to approximately HK$129,000, HK$97,000 and HK$94,000 for the years ended 31 March 2013, 2014 and 2015 respectively, and represented contributions payable to these plans by the Target Group at rates specified in the rules of plans.

23. OPERATING LEASE

At the end of the Relevant Periods, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	26	834	750
In the second to fifth year inclusive	3	911	63
	29	1,745	813

The commitments represent rentals payable by the Target Group for its offices in the PRC and Hong Kong with terms of up to five years.

Monthly rental was fixed and recognised over the terms of the lease on a straight-line basis.

24. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that the entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged from prior year.

The capital structure of the Target Group consists of cash and cash equivalents and equity attributable to owners of the Target Company, comprising share capital, reserves and retained profits.

Management of the Target Group review the capital structure on a continuous basis taking into account the cost of capital and the risks associate with the capital. The Target Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of new debt, if necessary.

25. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	As at 31 March		
Financial assets	**2013**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	7,681	2,139	3,877
Financial assets included in prepayments, deposits and other receivables	667	835	671
Due from directors or related party	5,033	4,566	1,700
Cash and bank balances	1,188	1,472	1,547
	14,569	9,012	7,795

Financial liabilities		**As at 31 March**	
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	9,358	8,497	8,918
Financial liabilities included in other payables and accruals	180	886	463
Bank loan	2,975	4,007	1,972
Other loan	7,600	5,000	5,000
	20,113	18,390	16,353

(a) Financial Risk Management Objectives and Policies

The Target Group's major financial instruments include trade receivables, other receivables, cash and bank balances, trade payables, other payables, bank loan and other loan. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Since the Target Group's sales were made to overseas wholesale and retail customers, the currency risk is considered to be significant. The Target Group's functional currency is Hong Kong dollars while it uses RMB to source products and mainly receives USD, AUD, EUR for sale of goods. When the amount generated in foreign banks to certain extend, the Target Group would remit the proceeds to Hong Kong to reduce the bank charges.

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Target Group's foreign currency denominated monetary assets of the Target Group at the end of the Relevant Period are as follows:

		As at 31 March	
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
USD	752	767	3
RMB	308	493	162

Interest rate risk

The Target Group's exposure to cash flow interest rate risk in relation to restricted bank deposits, bank balances and borrowing at the end of the Relevant Periods are considered as insignificant. The Target Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Credit risk

Most of the Target Group's sales are mainly through e-commerce platforms and usually customers will pay in advance before delivery. This significantly reduces the Target Group's exposure on customers' default in repayment. In respect of credit sales, the Target Group also has policies in place to ensure trading with customers with appropriate credit history and performs periodic credit evaluation of its customers.

The credit risk on cash and cash equivalents is limited because the major counterparties are reputable banks operating in Hong Kong and PRC.

Liquidity risk management

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the shareholders to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The table includes both contractual interest and principal cash flows.

	Within 1 year	In second year to fifth year inclusive	Total undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2013				
Trade payables	9,358	–	9,358	9,358
Other payables and accruals	180	–	180	180
Other loan	–	7,600	7,600	7,600
Bank loan	2,454	521	2,975	2,975
	11,992	8,121	20,113	20,113
As at 31 March 2014				
Trade payables	8,497	–	8,497	8,497
Other payables and accruals	886	–	886	886
Other loan	–	5,000	5,000	5,000
Bank loan	2,517	1,490	4,007	4,007
	11,900	6,490	18,390	18,390
As at 31 March 2015				
Trade payables	8,918	–	8,918	8,918
Other payables and accruals	463	–	463	463
Other loan	–	5,000	5,000	5,000
Bank loan	1,647	325	1,972	1,972
	11,028	5,325	16,353	16,353

(b) Fair Value Measurements of Financial Instruments

At the end of the Relevant Periods, the Target Group did not have any assets and liabilities that were measured at the fair value measurements hierarchy.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the combined financial statements approximate their fair values.

26. EVENTS AFTER THE END OF THE RELEVANT PERIODS

There was no significant event took place subsequent to 31 March 2015.

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 31 March 2015.

Yours faithfully,
Elite Partners CPA Limited
Certified Public Accountants

Yip Kai Yin
Practising Certificate Number: P05131
Hong Kong, 15 September 2015

Set out below is the management discussion and analysis of the Target Group for the years ended 31 March 2013, 2014 and 2015. The following financial information is based on the financial information of the Target Group as set out in Appendix III to this circular.

(I) FOR THE YEAR ENDED 31 MARCH 2013

Business Review and Financial Review of Operations

For the year ended 31 March 2013, the Target Group recorded a revenue of approximately HK$63.14 million, representing an increase of approximately 60.42% from approximately HK$39.36 million for the year ended 31 March 2012, which was mainly attributable to the (i) significant growth in sales of the smartphone accessories products to the United States; and (ii) exploring the sales distribution channel in Australia by advertising on the platform of eBay. In addition, the gross profit of the Target Group for the year ended 31 March 2013 increased by approximately 71.41% to approximately HK$10.61 million from HK$6.19 million for the year ended 31 March 2012.

The Target Group recorded a net profit of approximately HK$0.33 million for the year ended 31 March 2013 when compared with a net loss of approximately HK$0.71 million for the year ended 31 March 2012 which was primarily resulting from strictly control of the selling and administrative expense.

E-Commerce Segment

In 2013, the revenue of E-Commerce segment increased from approximately HK$36.24 million for the year ended 31 March 2012 to approximately HK$61.13 million for the year ended 31 March 2013, representing approximately 68.68% increase which was mainly due to exploring the sales distribution channel in Australia. The segment loss decreased from approximately HK$2.41 million for the year ended 31 March 2012 to approximately HK$1.68 million for the year ended 31 March 2013, representing approximately 30.29% decrease. It was because the Target Group had strengthened the control on administration expense.

The following table provides a summary of the sales for the Target Group's E-Commerce segment by geographical market:

	For the year ended 31 March	
	2013	**2012**
	HKD'000	*HKD'000*
	(approximately)	*(approximately)*
United States	43,134	26,156
United Kingdom	2,489	1,793
Canada	476	2
Australia	14,604	8,270
PRC	411	15
Others	11	–
Total	61,125	36,236

Information Technology Segment

In 2013, the revenue of Information Technology segment decreased from approximately HK$3.12 million for the year ended 31 March 2012 to approximately HK$2.01 million for the year ended 31 March 2013, representing approximately 35.58% decrease. The segment profit decreased from approximately HK$3.12 million in 2012 to approximately HK$2.01 million in 2013, representing approximately 35.58% decrease. During the year, more resources had assigned for development of new products which affected the sales of existing system integration business and thus the segment revenue and segment profit were reduced.

Liquidity and Financial Resources

As at 31 March 2013, the net current assets of the Target Group amounted to approximately HK$4.93 million. The current ratio, representing current assets divided by current liabilities was approximately 1.39.

As at 31 March 2013, total borrowings of the Target Group were approximately HK$10.58 million which consisted of bank borrowing and overdraft of approximately HK$2.98 million and other borrowing of approximately HK$7.60 million. The gearing ratio, as a ratio of total borrowings over total assets, was approximately 0.60.

For the year ended 31 March 2013, the Target Group usually financed its working capital through internal funds and other loan. To manage liquidity risk, the management of the Target Group closely monitors the liquidity position to ensure that the liquidity structure of the Target Group's assets, liabilities and commitments can meet its funding requirements.

Charges of Assets

As of 31 March 2013, none of the Target Group's assets was pledged.

Contingent Liabilities

The Target Group did not have any material contingent liability as at 31 March 2013.

Capital Commitments

The Target Group did not have any capital commitment as at 31 March 2013.

Employees

The Target Group had 100 employees as at 31 March 2013.

The total remunerations paid to the Target Group's employees for the year ended 31 March 2013 was approximately HK$6.78 million.

Foreign Currency Exposure

Since the Target Group's sales were made to overseas wholesale and retail customers, the currency risk is considered to be significant. The Target Group's functional currency is Hong Kong dollars while it uses RMB to source products and mainly receives USD and AUD for sale of goods. When foreign currency accumulates in foreign banks up to certain extend, the Target Group would remit the proceeds to Hong Kong to reduce the bank charges.

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Significant Investment, Material Acquisition and Disposal

The Target Group did not have any significant investment, material acquisition or disposal for the year ended 31 March 2013.

(II) FOR THE YEAR ENDED 31 MARCH 2014

Business Review and Financial Review of Operations

For the year ended 31 March 2014, the Target Group recorded a revenue of approximately HK$89.30 million, representing an increase of approximately 41.43% from approximately HK$63.14 million for the year ended 31 March 2013, which was mainly attributable to the expansion of the UK eBay sales platform (www.ebay.co.uk) and placing advertising promotion on the US eBay sales platform (www.ebay.com). In addition, the gross profit of the Target Group for the year ended 31 March 2014 increased by approximately 40.06% to approximately HK$14.86 million from HK$10.61 million for the year ended 31 March 2013.

The Target Group recorded a net profit of approximately HK$0.08 million for the year ended 31 March 2014, representing a decrease of approximately 75.76% from approximately HK$0.33 million for the year ended 31 March 2013 which was primarily resulting from decreasing net profit in Information Technology segment as discussed below.

E-Commerce Segment

For the year ended 31 March 2014, the segment revenue of E-Commerce segment increased from approximately HK$61.13 million for the year ended 31 March 2013 to approximately HK$88.38 million for the year ended 31 March 2014, representing approximately 44.58% increase. The segment loss decreased from approximately HK$1.68 million in 2013 to approximately HK$0.84 million in 2014, representing approximately 50.00% decrease. The increase in segment revenue and decrease of segment loss were mainly due to the expansion of UK eBay sales platform (www.ebay.co.uk) since October 2013 which generated a sales increment of 2.62 times when compared with the same period last year. Besides, the Target Group placed advertising on US eBay sales platform (www.ebay.com) which increased the sales amount in the United States by 48.44%.

The following table provides a summary of the sales for the Target Group's E-Commerce segment by geographical market:

	For the year ended 31 March	
	2014	**2013**
	HKD'000	*HKD'000*
	(approximately)	*(approximately)*
United States	64,027	43,134
United Kingdom	9,004	2,489
Canada	2,997	476
Australia	12,086	14,604
PRC	244	411
Others	19	11
Total	88,377	61,125

Information Technology Segment

For the year ended 31 March 2014, the revenue of Information Technology segment decreased from approximately HK$2.01 million for the year ended 31 March 2013 to approximately HK$0.92 million for the year ended 31 March 2014, representing approximately 54.23% decrease. The segment profit decreased from approximately HK$2.01 million for the year ended 31 March 2013 to approximately HK$0.92 million for the year ended 31 March 2014, representing approximately 54.23% decrease. The decrease in segment revenue and segment profit were mainly due to placing more resources on research and development of new products which affected the sales of existing system integration business.

Liquidity and Financial Resources

As at 31 March 2014, the net current assets of the Target Group amounted to approximately HK$0.74 million. The current ratio, representing current assets divided by current liabilities was approximately 1.06.

As at 31 March 2014, total borrowings of the Target Group were approximately HK$9.01 million which consisted of bank borrowing and overdraft of approximately HK$4.01 million and other borrowing of approximately HK$5.00 million. The gearing ratio, as a ratio of total borrowings over total assets, was approximately 0.56.

For the year ended 31 March 2014, the Target Group usually financed its working capital through internal funds and bank loan. To manage liquidity risk, the management of the Target Group closely monitors the liquidity position to ensure that the liquidity structure of the Target Group's assets, liabilities and commitments can meet its funding requirements.

Charges of Assets

As of 31 March 2014, none of the Target Group's assets was pledged.

Contingent Liabilities

The Target Group did not have any material contingent liability as at 31 March 2014.

Capital Commitments

The Target Group did not have any capital commitment as at 31 March 2014.

Employees

The Target Group had 70 employees as at 31 March 2014.

The total remunerations paid to the Target Group's employees for the year ended 31 March 2014 was approximately HK$8.83 million.

The number of employees decreased from 100 as at 31 March 2013 to 70 as at 31 March 2014, representing approximately 30.00% decrease. However, the total remunerations paid increased from approximately HK$6.78 million for the year ended 31 March 2013 to approximately HK$8.83 million for the year ended 31 March 2014, representing approximately 30.24% increase, which was mainly attributable to additional severance payments paid to the employees.

Foreign Currency Exposure

Since the Target Group's sales were made to overseas wholesale and retail customers, the currency risk is considered to be significant. The Target Group's functional currency is Hong Kong dollars while it uses RMB to source products and mainly receives USD, AUD, EUR for sale of goods.

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Significant Investment, Material Acquisition and Disposal

The Target Group did not have any significant investment, material acquisition or disposal for the year ended 31 March 2014.

(III) FOR THE YEAR ENDED 31 MARCH 2015

Business Review and Financial Review of Operations

For the year ended 31 March 2015, the Target Group recorded a revenue of approximately HK$89.86 million, representing an increase of approximately 0.63% from approximately HK$89.30 million for the year ended 31 March 2014. The Target Company recorded only a slight increase in revenue for the year ended 31 March 2015 due to (i) there was a short term slow down in sales during the first half of the financial year ended 31 March 2015 as the Target Group allocated more resources on adjusting its logistic system by rearranging the delivery of goods from Shenzhen warehouses to overseas warehouses, including but not limited to United States and United Kingdom, where the major customers of the Target Group are located, with the intention to stabilize the existing customer base and attract new customers by quick and smooth delivery; (ii) less resources were allocated to the sale and advertising promotion. Due to the utilization of majority human and capital resources in relation to the re-arrangement of the logistic system, the Target Group had limited the resources for the sale and advertising promotion. The aforesaid warehouses have been commenced operation since August 2014 and since then the sales had been reverted gradually. In addition, the gross profit of the Target Group for the year ended 31 March 2015 decreased by approximately 8.82% to approximately HK$13.55 million from HK$14.86 million in the corresponding year in 2014.

The Target Group recorded a net profit of approximately HK$2.93 million for the year ended 31 March 2015, representing an increase of approximately 3,562.50% from approximately HK$0.08 million in the corresponding year in 2014 which was primarily resulting from reducing of advertising expenses and administration expenses. In addition, the administration expenses decreased by approximately 32.75% which was mainly due to the reduction of labour and staff cost and related costs after adjusting the logistic system on delivery of goods.

E-Commerce Segment

In 2015, the segment revenue of E-Commerce segment increased from approximately HK$88.38 million in 2014 to approximately HK$89.18 million in 2015, representing approximately 0.91% increase. During the year, the Target Group re-arranged the delivery logistic system in order to achieve a steady customer base by improving the customer's purchasing experiences and enhance the sales distribution channel in each geographical area. Thus the sales slowed down due to the aforesaid re-arrangement of the logistic system and followed by less resources were allocated to the sale and advertising promotion. Accordingly, the sales of US eBay sales platform (www.ebay.com) decreased by approximately 17.98% when compared with the same period last year. The segment result increased from a loss of approximately HK$0.84 million for the year ended 31 March 2014 to a profit of approximately HK$2.42 million for the year ended 31 March 2015 since less advertising expenses was incurred and decrease of labour and staff costs together with cost saving after the re-arrangement of the delivery logistic system.

On the other hand, the sales of UK eBay sales platform (www.ebay.co.uk) increased by 2.60 times since whole year result was recognised in the year ended 31 March 2015 as compared to only six months sales recognised in the previous year.

The following table provides a summary of the sales for the Target Group's E-Commerce segment by geographical market:

	For the year ended 31 March	
	2015	**2014**
	HKD'000	*HKD'000*
	(approximately)	*(approximately)*
United States	52,513	64,027
United Kingdom	32,379	9,004
Canada	231	2,997
Australia	3,872	12,086
PRC	8	244
Others	181	19
Total	89,184	88,377

Information Technology Segment

In 2015, the segment revenue of Information Technology segment decreased from approximately HK$0.92 million in 2014 to approximately HK$0.68 million in 2015, representing approximately 26.09% decrease. The segment profit decreased from approximately HK$0.92 million in 2014 to approximately HK$0.68 million in 2015, representing approximately 26.09% decrease. The decrease in segment revenue and segment profit were mainly due to the Target Group focused on the testing of the final stage for the new products which affected the sales of existing system integration business.

Liquidity and Financial Resources

As at 31 March 2015, the net current assets of the Target Group amounted to approximately HK$2.55 million. The current ratio, representing current assets divided by current liabilities was 1.22.

As at 31 March 2015, total borrowings of the Target Group were approximately HK$6.97 million which consisted of bank borrowing and overdraft of approximately HK$1.97 million, other borrowing of approximately HK$5.00 million. The gearing ratio, as a ratio of total borrowings over total assets, was approximately 0.41.

For the year ended 31 March 2015, the Target Group usually financed its working capital through internal funds and bank loans. To manage liquidity risk, the management of the HK Subsidiary closely monitors the liquidity position to ensure that the liquidity structure of the HK Subsidiary's assets, liabilities and commitments can meet its funding requirements.

Charges of Assets

As of 31 March 2015, none of the Target Group's assets was pledged.

Contingent Liabilities

The Target Group did not have any material contingent liability as at 31 March 2015.

Capital Commitments

The Target Group did not have any capital commitment as at 31 March 2015.

Employees

The Target Group had 50 employees as at 31 March 2015. The decrease in number of employees was mainly due to the re-arrangement of the logistic system.

The total remunerations paid to the Target Group's employees for the year ended 31 March 2015 was approximately HK$6.82 million.

Foreign Currency Exposure

Since the Target Group's sales were made to overseas wholesale and retail customers, the currency risk is considered to be significant. The Target Group's functional currency is Hong Kong dollars while it uses RMB to source products and mainly receives USD, AUD, EUR for sale of goods.

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Significant Investment, Material Acquisition and Disposal

The Target Group did not have any significant investment, material acquisition or disposal for the year ended 31 March 2015.

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

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

Suites 2B-4A, 20/F., Tower 5,
China Hong Kong City,
33 Canton Road, TST, Kowloon,
Hong Kong

15 September 2015

The Board of Directors
Sinoref Holdings Limited
35th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sinoref Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), and Soaring International Holdings Limited and its subsidiaries (the "Target Group") (collectively the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2015, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages V-5 to V-8 in Appendix V of the Company's circular dated 15 September 2015 (the "Circular"), in connection with the acquisition of Soaring International Holdings Limited (the "Transaction") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page V-4.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2015 as if the Acquisition had taken place at 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2015, on which an interim result has been published.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the significant event or transaction on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition as at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transactions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

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

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

OPINION

In our opinion:

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

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

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

Yours faithfully,
Elite Partners CPA Limited
Certified Public Accountants

Yip Kai Yin
Practising Certificate Number: P05131
Hong Kong, 15 September 2015

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an Unaudited Pro Forma Financial Information which includes the statement of assets and liabilities of Sinoref Holdings Limited and its subsidiaries (the "Group"), and Soaring International Holdings Limited and its subsidiaries (the "Target Group") (the Group and the Target Group are collectively referred to as the "Enlarged Group"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of 100% equity interest in the Target Group (the "Acquisition") as if the Acquisition had taken place on 30 June 2015.

This Unaudited Pro Forma Financial Information has been prepared based on (i) the condensed consolidated statement of financial position of the Group as at 30 June 2015 which has been extracted from the published interim result of the Company for the six months ended 30 June 2015; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 March 2015 as extracted from the accountants' report as set out in Appendix III to this Circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable; and (ii) factually supportable as if the Acquisition had been undertaken as at 30 June 2015.

The Unaudited Pro Forma Financial Information has been prepared by the Directors illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 June 2015, where appropriated, or at any future dates.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published interim result of the Group for the six months ended 30 June 2015.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

	The Group as at 30 June 2015 *RMB'000* (Unaudited)	The Target Group as at 31 March 2015 *HK$'000* (Audited) *(Note 1)*	The Target Group as at 31 March 2015 *RMB'000* (Audited) *(Note 2)*	*Notes*	Pro forma adjustments for the Acquisition *RMB'000*	Pro forma Enlarged Group after the Acquisition *RMB'000* (Unaudited)
Non-Current Assets						
Property, plant and equipment	56,726	108	86			56,812
Goodwill	109,799	–	–	*4*	217,146	326,945
Intangible assets	11,402	2,851	2,281	*3*	91,724	105,407
Deposit for property, plant and equipment	1,439	–	–			1,439
Prepaid lease payments	15,364	–	–			15,364
	194,730	2,959	2,367			505,967
Current Assets						
Inventories	61,933	4,768	3,814			65,747
Trade receivables	211,718	3,877	3,102			214,820
Bills receivables	22,278	–	–			22,278
Loan receivables	23,490	–	–			23,490
Other receivables, deposits and prepayments	13,068	2,011	1,609			14,677
Prepaid lease payments	391	–	–			391
Tax recoverable	21,615	–	–			21,615
Restricted bank deposit	6,602	–	–			6,602
Bank balances and cash	101,929	1,547	1,238			103,167
Amount due from directors	–	1,700	1,360			1,360
	463,024	13,903	11,123			474,147
Current Liabilities						
Trade payables	25,927	8,918	7,134			33,061
Other payables and accruals	22,340	463	370			22,710
Tax liabilities	5,528	–	–			5,528
Bank borrowing	20,000	1,972	1,578			21,578
	73,795	11,353	9,082			82,877
Net Current Assets	389,229	2,550	2,041			391,270
Total Assets less Current Liabilities	583,959	5,509	4,408			897,237
Non-Current Liabilities						
Promissory notes	26,202	–	–	*4(a)*	161,024	187,226
Other borrowings	–	5,000	4,000			4,000
Deferred tax liabilities	7,239	–	–	*6*	15,134	22,373
	33,441	5,000	4,000			213,599
Net Assets	550,518	509	408			683,638
Capital and Reserves						
Share capital	171,150	1	1	*4(a)* *5*	41,600 (1)	212,750
Reserves	378,323	508	407	*4(a)* *5*	91,520 (407)	469,843
	549,473					682,593
Non-controlling interests	1,045	–	–			1,045
Total Equity	550,518	509	408			683,638

C. NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The figures were extracted from the audited combined statement of financial position of the Target Group as at 31 March 2015 as set out in Appendix III to this Circular.

2. The figures were extracted from accountant's report of the Target Company in Appendix III of this Circular, after foreign exchange translation at the exchange rate of HK$1 to RMB0.80 to conform the presentation format of the Group, which is the prevailing exchange rate on 30 June 2015.

3. The adjustment represents the fair value change for the identifiable assets in accordance with HKFRS 3 (Revised) "Business Combination" ("HKFRS 3") issued by the HKICPA. Upon completion of the Acquisition, the identifiable assets and liabilities of the Target Group will be accounted for at their fair values under the equity method in accordance with HKFRS 3 issued by HKICPA.

   For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the Directors have carried out an assessment of the fair values of identifiable assets and liabilities of the Target Group in accordance with the requirements of HKFRS 3. In the opinion of the Directors, the fair value of identifiable assets of liabilities of the Target Group were summarised as follow:

	Carrying amount	**Fair value adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	86	–	86
Intangible assets *(note)*	2,281	91,724	94,005
Trade receivables	3,102	–	3,102
Prepayment, deposit and other receivables	1,609	–	1,609
Inventory	3,814	–	3,814
Amount due from directors	1,360	–	1,360
Cash and bank balances	1,238	–	1,238
Trade and other payables	(7,504)	–	(7,504)
Bank loan	(1,578)	–	(1,578)
Other loan	(4,000)	–	(4,000)
Deferred tax liabilities	–	(15,134)	(15,134)
Net identifiable assets	408	76,590	76,998

Note:

For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the intangible assets, being the technical know-how, with reference to the valuation report prepared by an independent valuer. In the opinion of the Directors, the identifiable assets and liabilities (other than intangible assets) of the Target Group were approximate their carrying amount. For the purpose of preparation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group, the Directors consider that no impairment is required in respect of the intangible assets arising from the Acquisition taking into account the business potential of the Target Group and other factors as disclosed in the section headed "Reasons for and benefits of the Acquisition" in the "Letter from the Board" in this Circular. The Directors confirm that they will apply consistent accounting policies and principal assumptions for the assessment of impairment of intangible assets in the preparation of the consolidated financial statements of the Group after the completion of the Acquisition.

After the completion of the Acquisition, the Group will perform annual impairment test for the cash-generating unit to which the intangible assets has been allocated in accordance with the Company's accounting policies and the requirements of Hong Kong Accounting Standard 36 "Impairment of Assets", and the Company's auditors will perform audit procedures thereon in respect of their audit of the consolidated financial statements of the Group for the next financial year in accordance with the requirements of Hong Kong Accounting Standard 36 "Impairment of Assets".

4. The adjustment reflects the Acquisition which is accounted for using acquisition method of accounting in accordance with HKFRS 3.

For the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group, the pro forma fair values of the identifiable assets and liabilities (other than goodwill) of the Target Group as at 31 March 2015 has been adjusted as disclosed in note 3 above. The recognition of pro forma goodwill arising on the Acquisition as if the Acquisition had been completed as at 30 June 2015 is as follows:

	HK$'000	*RMB'000*
Consideration *(note (a))*	367,680	294,144
Less: Pro forma fair value of identifiable net assets acquired *(note 3)*	(96,248)	(76,998)
Goodwill *(note (c))*	271,432	217,146

(a) Assumed fair value of the Consideration for the Acquisition:

	HK$'000	*RMB'000*
Promissory Notes *(note (a)(i))*	201,280	161,024
Consideration Shares *(note (a)(ii))*	166,400	133,120
	367,680	294,144

Pursuant to the Agreement, the consideration for the Acquisition would be satisfied by issuance of Promissory Notes and Consideration Shares.

(i) The Promissory Notes has a principal amount of HK$213,600,000 and a repayment term of 3 years from the date of issue (the "Maturity Date"). The Company may redeem in whole or in part at any time prior to the Maturity Date.

The assumed fair value of the Promissory Notes of approximately HK$201,280,051 represents the carrying value of the Promissory Notes carried at amortised cost and is calculated using the effective interest method by discounting estimated future cash flows at an effective interest rate of 2%. On Completion, the fair value of Promissory Notes will have to be reassessed based on upcoming conditions at the date of Completion.

(ii) The Consideration Shares will be allotted and issued at the Issued Price of HK$0.32 each, totally 520,000,000 shares. Based on the Interim Result of the Group for the six months ended 30 June 2015, the shares of the Company has a par value of HK$0.10. Therefore the breakdown of the Consideration Shares would be as follows:

	HK$'000	*RMB'000*
Share Capital	52,000	41,600
Share Premium	114,400	91,520
	166,400	133,120

(iii) Based on directors' estimation, the fair value of the contingent consideration arising from Profit Guarantee is zero. On Completion, the fair value will have to be reassessed based on upcoming conditions at the date of Completion.

(iv) The Consideration and pro forma fair value of identifiable net assets acquired has been translated at the exchange rate of HK$1 to RMB0.80 to conform the presentation format of the Group, which is the prevailing exchange rate on 30 June 2015.

(b) The fair value of (i) the identifiable assets and liabilities of the Target Group; and (ii) the fair value of the Considerable Shares will be re-assessed at the actual completion date of the Acquisition, the amount of goodwill to be recognised in connection with the Acquisition at the completion date are therefore subject to changes from the pro forma amounts shown above.

(c) For the purpose of preparation of the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group, the Directors consider that no impairment is required in respect of the goodwill arising from the Acquisition taking into account the business potential of the Target Group and other factors as disclosed in the section headed "Reasons for and benefits of the Acquisition" in the "Letter from the Board" in this Circular. The Directors confirm that they will apply consistent accounting policies and principal assumptions for the assessment of impairment of goodwill in the preparation of the consolidated financial statements of the Group after the completion of the Acquisition.

After the completion of the Acquisition, the Group will perform annual impairment test for the cash-generating unit to which the goodwill has been allocated in accordance with the Company's accounting policies and the requirements of Hong Kong Accounting Standard 36 "Impairment of Assets", and the Company's auditors will perform audit procedures thereon in respect of their audit of the consolidated financial statements of the Group for the next financial year in accordance with the requirements of Hong Kong Accounting Standard 36 "Impairment of Assets".

5. The adjustment represents the elimination of the share capital and the pre-acquisition reserves of the Target Group upon completion of the Acquisition.

6. The deferred tax liabilities of RMB15,134,000 is calculated based on the taxable temporary differences arising between the fair value of the assets and liabilities recognised in the Acquisition and the corresponding tax bases, and the standard enterprise income tax rate of 16.5% applicable to the Target Group.

The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this circular received from Steinberg Appraisal and Consulting (Hong Kong) Limited, an independent valuer, in connection with its valuation as at 30 April 2015 of the HK Subsidiary.

STEINBERG Appraisal and Consulting (Hong Kong) Limited
Room 2002, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong
Tel (852) 2127 4691 Fax (852) 3520 3960

15 September 2015

Sinoref Holdings Limited
35th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Attn: The Board of Directors

Our Ref: BV/TI/2015340915

Dear Sirs,

Re: The 100 Percent Equity Interest in the Business Enterprise of **VT Zero Limited**

In accordance with your instructions for us to carry out an appraisal of the fair value of the 100 percent equity interest in the business enterprise of **VT Zero Limited** (hereinafter referred to as the "Business Enterprise"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair value of the Business Enterprise as at 30 April 2015 (hereinafter referred to as the "Valuation Date").

This report states the purpose of appraisal and scope of our works, identifies the business appraised, describes the basis and methodology of our appraisal, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF APPRAISAL

STEINBERG Appraisal and Consulting (Hong Kong) Limited (hereinafter referred to as "STEINBERG") acknowledges that this report is being prepared solely for the use of the directors and management of Sinoref Holdings Limited (hereinafter referred to as the "Company"). The Company is a public company listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange"). The Business Enterprise is a private company incorporated in Hong Kong.

This report is not to be used for any purpose other than that mentioned above, including issue to third parties, without our prior approval of the use, form and context in which it is released. STEINBERG assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 SCOPE OF WORK

Our appraisal conclusions are based on the assumptions stated herein and on information provided by the management of the Company or its representatives (hereinafter referred to as the "Management"). In preparing this report, we have had discussions with the Management and the Company in relation to the development and prospects of the electronic commerce industry, and the development, operations and other relevant information of the Business Enterprise.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and the Company and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Business Enterprise will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation. In applying these projections to the appraisal of the fair value of the Business Enterprise, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

3.0 ECONOMIC AND INDUSTRY OVERVIEW

3.1 Global Prospects

Global growth in 2014 was a modest 3.4 percent, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies, according to the World Economic Outlook report published in April 2015 by the International Monetary Fund (hereinafter referred to as the "IMF").

Complex forces that affected global activity in 2014 are still shaping the outlook. Overall, global growth is projected to reach 3.5 percent and 3.8 percent in 2015 and 2016, respectively, in line with the projections in the January 2015 World Economic Outlook Update. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies but weaker in emerging markets reflecting more subdued prospects for some large emerging market economies and oil exporters.

Medium term prospects have become less optimistic for advanced economies, and especially for emerging markets, in which activity has been slowing since 2010. At the same time, the distribution of risks to global growth is now more balanced than last year, but is still tilted to the downside. Boost to demand from oil prices is an important upside risk, while on the downside, the most salient risks identified in last year remain relevant, including geopolitical tensions, disruptive asset price shifts, stagnation and low inflation in advanced economies.

Raising actual and potential output continues to be a general policy priority. In many advanced economies, accommodative monetary policy remains essential to support economic activity and lift inflation expectations. There is also a strong case for increasing infrastructure investment in some economies, and for implementing structural reforms to tackle legacies of the crisis and boost potential output.

In many emerging market economies, macroeconomic policy space to support growth remains limited. But in some, lower oil prices will help reduce inflation and external vulnerabilities, thereby reducing pressure on central banks to raise policy interest rates. Structural reforms to raise productivity, with a varied agenda across countries, are of the essence to sustain potential output.

3.2 Historical Perspective of Hong Kong and PRC Economies

Historical GDP and IMF estimates provided by the IMF World Economic Outlook Database (April 2015 edition) shows development of the Hong Kong and the People's Republic of China (hereinafter referred to as the "PRC") economies in United States Dollars ("USD") since the new millennium and looks into 2015 and the next five years in the charts below.

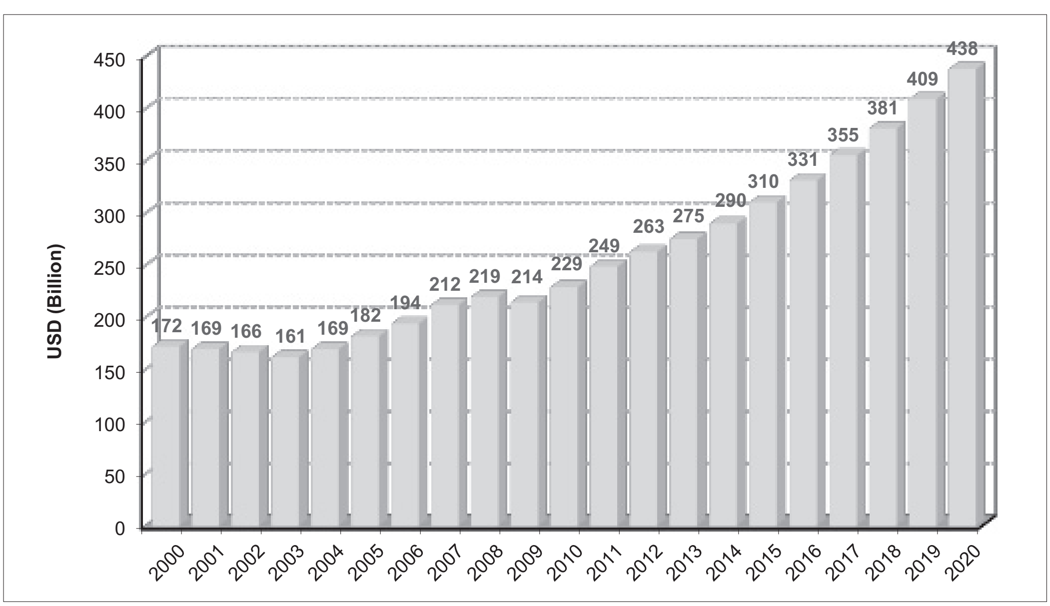


Chart 3.1 – GDP (Current Prices) for Hong Kong (estimates from 2014)

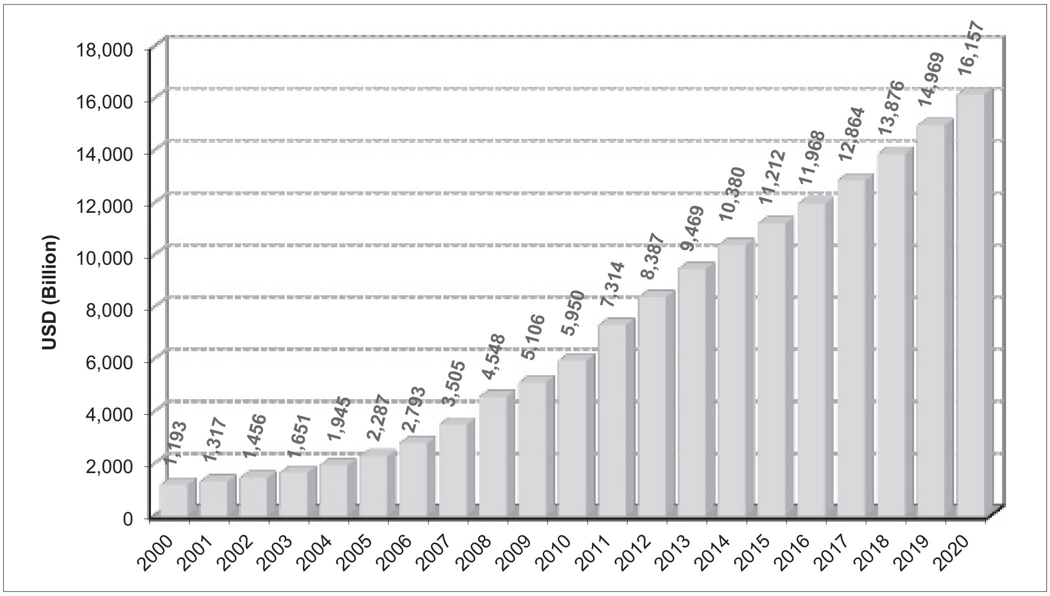


Chart 3.2 – GDP (Current Prices) for the PRC (estimates from 2013)

3.3 Asia Pacific Prospects

According to IMF, growth in the region expected to hold steady in 2015, and the region is expected to continue outperforming the rest of the world over the medium term. While the Chinese economy is shifting to a more sustainable pace, growth is projected to pick up elsewhere in the region. This reflects the boost from lower world oil prices, strengthening external demand and still accommodative financial conditions despite some recent tightening.

Elevated household and corporate debt amid higher real interest rates and a strong dollar could amplify shocks. Growth risks from within the region are also on the rise and realignments of the major reserve currencies could create an uncomfortable tradeoff between stability and competitiveness. Policymakers should maintain prudent frameworks and build buffers to enhance resilience, and implement reforms to support demand rebalancing and relieve bottlenecks.

Following table summarized GDP growth for countries in the region as estimated by IMF.

Country	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Australia	-3.84	-13.29	2.35	3.29	3.54	4.14	4.43
Hong Kong	5.37	7.06	6.84	7.10	7.31	7.35	7.10
India	9.30	12.61	8.78	9.77	9.33	9.92	9.91
Indonesia	-2.61	0.79	6.28	8.89	7.76	8.10	8.21
Japan	-6.16	-8.79	3.27	3.25	2.28	3.47	3.84
Korea	8.62	1.28	5.20	6.85	7.34	7.62	7.96
Malaysia	4.40	0.29	11.17	9.59	10.45	10.42	10.47

Country	2014	2015	2016	2017	2018	2019	2020
Myanmar	10.65	10.10	12.66	14.04	13.42	12.85	12.46
New Zealand	7.23	-3.22	4.31	4.40	4.98	4.55	4.73
Pakistan	7.47	N/A	N/A	N/A	N/A	N/A	N/A
Philippines	4.73	8.11	10.30	10.73	10.78	10.68	10.56
PRC	9.62	8.01	6.75	7.49	7.86	7.87	7.94
Singapore	1.92	-3.89	4.90	5.81	5.96	5.64	5.98
Taiwan	3.57	-0.34	7.30	8.04	8.28	8.18	8.27
Thailand	-3.47	3.34	6.73	5.24	5.64	5.08	4.62
Vietnam	9.08	9.91	7.49	8.74	8.80	9.37	9.42

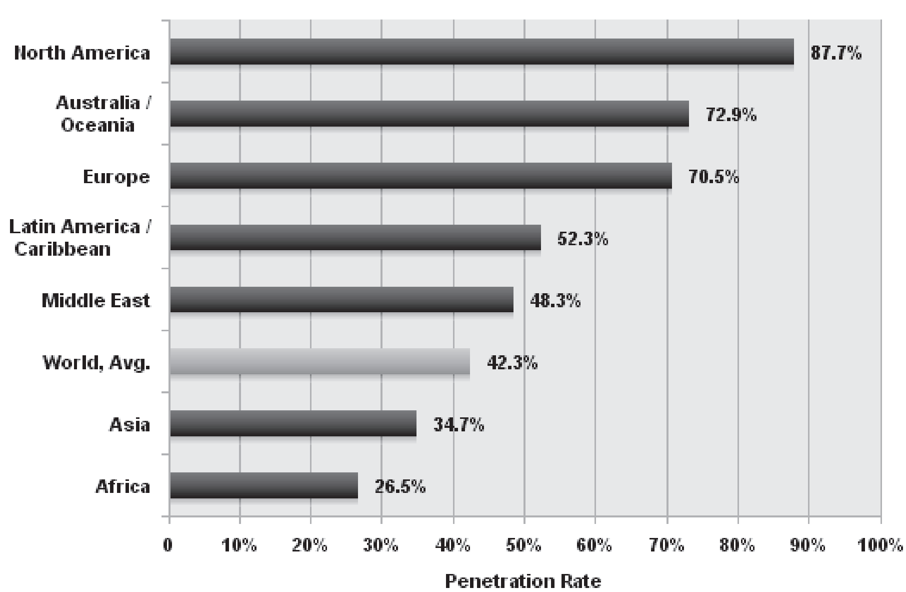
3.4 Industry Overview

There are several different types of electronic commerce, the most prevalent being business to business, business to consumer and consumer to consumer (hereinafter referred to as “B2B”, “B2C” and “C2C” respectively). Furthermore, mobile commerce in the shape of buying and selling goods and content via mobile devices such as smartphones is also on the rise.

Electronic commerce is a set of technologies, applications, and business processes that link businesses, consumers, and communities for buying, selling, and delivering products and services; and for integrating and optimizing processes within and between participant entities. B2C means the purchase and sale of goods and services between a business and consumers.

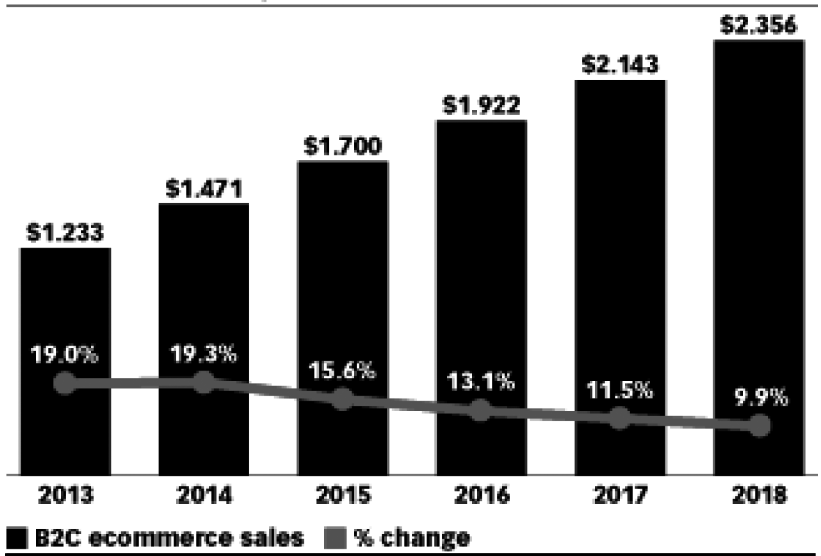
Providers and traders may generate revenue through the trade of goods and services, advertising, transaction fees or the provision of certain digital contents. According to Internet World Stats (www.internetworldstats.com/stats.htm), the estimated world internet penetration rates by geographic regions as at the second quarter of 2014 is shown below.

World Internet Penetration Rates by Geographic Regions – 2014 Q2



According to popular electronic commerce market data, Amazon is one of the leading platforms worldwide. Asian competitors such as Rakuten and Alibaba are also constantly expanding their share within the B2C market. Online auction website eBay is the most popular example for C2C platform whilst also providing a platform for merchants to sell their goods. Worldwide B2C sales in 2012, 2013 and forecast to 2018 are shown below, the global B2C sales reached USD1.233 trillion in 2013. However, the growth is expected to slow down after high growths in 2013 and 2014, gradually increased to a new level by 2018.

B2C Ecommerce Sales Worldwide, 2013-2018
trillions and % change



B2C Ecommerce Sales Share Worldwide, by Region, 2013-2018
% of total

	2013	2014	2015	2016	2017	2018
North America	34.9%	32.9%	31.7%	31.1%	30.7%	30.6%
Asia-Pacific	28.3%	31.2%	33.4%	35.1%	36.4%	37.4%
Western Europe	26.4%	25.4%	24.6%	23.9%	23.3%	22.7%
Latin America	4.2%	4.3%	4.2%	4.1%	3.9%	3.7%
Central & Eastern Europe	4.1%	4.0%	3.8%	3.5%	3.3%	3.2%
Middle East & Africa	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%

Note: includes products and services ordered and leisure and unmanaged business travel sales booked using the internet via any device, regardless of the method of payment or fulfillment; numbers may not add up to 100% due to rounding
Source: eMarketer, July 2014

175334 www.eMarketer.com

4.0 THE BUSINESS ENTERPRISE

4.1 Brief History

The Business Enterprise was founded by Mr Calvin Ng and Mr Stephen Lee as a private limited company, which is incorporated (registration number 1104442) on 24 January 2007 in Hong Kong. It has an issued and fully paid share capital of HKD10,000 as at the Valuation Date.

4.2 Scope of Business

The Business Enterprise principally engages in the electronic commerce industry specializing on B2C retailing through the eBay platform and internet wholesale businesses with a focus on overseas consumers, logistics management and sourcing.

4.3 Historical Financial Information

Years Ended 31 March *(HKD'000)*	**2013**	**2014**	**2015**
Revenue	63,137	89,296	89,862
Cost of Sales	(52,532)	(74,439)	(76,308)
Gross Profit	10,605	14,857	13,554
Other Income	21	93	113
Expenses	(10,136)	(14,547)	(9,550)
EBIT	490	403	4,117
Finance Costs	(156)	(322)	(1,024)
EBT	334	81	3,093

4.4 Business Plan and Development

The Business Enterprise will continue to grow their business on existing platform. On the other hand, it is building new e-commerce products which will provide a marketplace, shopping cart channel, and inventory management that help sellers manage product listings across different sites and manage all inventory moves across different channels and warehouses.

4.5 Major Assumptions of Cash Flow Projection

4.5.1 E-Commerce Segment

The annual revenue growth rate of approximately 36% is assumed with reference to (i) the historical average annual growth rate of approximately 36% for the 7 years ended 31 March 2015; (ii) the favorable PRC policy on e-commerce industry; (iii) the expansion of sales channel by establishing of own online sales platform; and (iv) the adjustment of the logistic system with the intention to stabilize the existing customer base and attract new customers by quick and smooth delivery.

The management of the Business Enterprise also considered the high growth rate of approximately 61% and 41% for the financial years ended 31 March 2013 and 2014, respectively, and the low growth rate of 0.6% for the financial year ended 31 March 2015 that was mainly attributable to the adjustment of the logistic system but since then the sales had been returning to an upward trend.

The cost of sales, which mainly consist of cost for inventory purchase and handling fees paid to e-commerce platform providers, is assumed to be maintained at approximately 84.0% over annual revenue with reference to the historical average cost of sales ratio of approximately 84.0% for the 7 years ended 31 March 2015. As a result, the gross profit ratio would be maintained at approximately 16.0%.

The selling and marketing expenses are assumed to grow at approximately 37% per year as it is directly correlated with the revenue growth. Further, an additional growth rate of 3% is assumed with reference to the historical inflation rate in the UK and US as most of the Business Enterprise's customers are from the UK and US where the majority of the selling and marketing expenses are incurred.

The administrative expenses are assumed to grow at approximately 3% per year with reference to the historical inflation rate in the PRC and Hong Kong where the majority of the administrative expenses are incurred.

4.5.2 Information Technology Segment

Multi Marketplace Sales Management (the "Multi Marketplace Product")

The basic selling price per unit, which consists of permanent license fee and basic system customization and installation fee, for the Multi Marketplace Product is assumed to be HK$1,250,000. An increment of 20% per year to the basic selling price is assumed as the Business Enterprise will continuously upgrade and add functions to the Multi Marketplace Product, details of which are as follows:

(i) A Rakuten marketplace integration listing and sale management function will be developed which the user can get access to and manage the products listing under Rakuten, which is expected to be launched by March 2016;

(ii) A RFID (Radio Frequency Identification) warehousing management function will be developed which the user can locate and transfer products across different online platforms more efficiently, which is expected to be launched by March 2017;

(iii) A mobile channel implementation function will be developed which the system will be integrated and linked with WeChat enterprise account which the user can manage the products warehousing through mobile channel, which is expected to be launched by March 2018; and

(iv) A full document management function will be developed which the user can manage all the sales related information and documents, including but not limited to purchaser order, invoice and delivery note, and generate the same through the system, which is expected to be launched by March 2019.

The quantities to be sold per year are assumed to be 4 units targeted small to medium scaled size online selling companies in China, Hong Kong and South East Asia. As at the date of this valuation report, the Business Enterprise has successfully sold one unit in May 2015 at a total selling price of HKD2,050,000. In addition, the Business Enterprise has entered into a total of two non-legally binding memorandum of understanding in respect of the sales of the Multi Marketplace Product.

An annual maintenance service of 15% to the basic selling price is assumed to be charged. Save for the total research and development cost of the Multi Marketplace Product is assumed to be amortized over a three years period, no additional cost is expected to be incurred as it will be covered by the existing operation.

WeChat Multi-User Sales and Service Application (the "WeChat Application")

The basic selling price per unit, which consists of permanent license fee and basic system customization and installation fee, for the WeChat Application is assumed to be HKD1,000,000. An increment of 20% per year to the basic selling price is assumed as the Business Enterprise will continuously upgrade and add functions to the WeChat Application, details of which are as below:

(i) A big data analysis on user behavior function will be developed which the user can analyze and generate the relevant data from the WeChat database for designing specific sales strategy, which is expected to be launched by October 2016;

(ii) A marketing activities cross implementation function will be developed which the user can perform and manage its own marketing campaign on WeChat platform, which is expected to be launched by September 2017;

(iii) An account management and implementation function will be developed which the user can, through WeChat, manage the human resources and office administration related matters, which is expected to be launched by September 2018; and

(iv) A research and analysis reporting system will be developed which the user can, through WeChat, perform its own mystery and satisfaction checking on products selling and generate all response and reaction results promptly, which is expected to be launched by September 2019.

The quantities to be sold in first projection year are assumed to be 2 units as the WeChat Application is expected to be launched on second half for the year ended 31 March 2016 and 4 units are assumed per year for the coming years, which targeted at sellers who promote their products on social network applications. As at the date of this valuation report, the Business Enterprise has entered into one non-legally binding memorandum of understanding in respect of the sales of the WeChat Application.

An annual maintenance service of 15% to the basic selling price is assumed to be charged. Save for the total research and development cost of the WeChat Application is assumed to be amortized over a three years period, no additional cost is expected to be incurred as it will be covered by the existing operation.

5.0 DEFINITION OF APPRAISAL

We have appraised the Business Enterprise on the basis of fair value. Fair value as used herein is defined as "the estimated amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

6.0 INVESTIGATION AND ANALYSIS

Our investigation included discussions with the Management and the Company in relation to the development and prospects of the electronic commerce industry, and the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained such further information regarding the industry from external public sources, as we consider necessary for the purpose of this appraisal.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and the Company and have considered such information and data as accurate and reasonable. We have also consulted other sources of financial and business information. The appraisal of an interest in the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns.

The factors considered in this appraisal include, but not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise.
- The financial condition of the Business Enterprise.
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market.
- Renewal of relevant leases, licenses and agreements.
- The business risk of the Business Enterprise such as the ability in maintaining competent technical and professional personnel.
- Investment returns and market transactions of entities engaged in similar lines of business.

7.0 GENERAL APPRAISAL APPROACHES

There are three generally accepted approaches to obtain the fair value of the Business Enterprise, namely, the market approach, the asset approach and the income approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business entities that is similar in nature.

7.1 Market Approach

It values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, valuation analysts will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell. The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on analyses of those transactions are then to be applied to the fundamental financial variables of the subject business entity and to arrive at an indicated value of it.

7.2 Asset Approach

The asset approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long term debt). In other words, the value of a business entity is represented by the money that has been made available to purchase the business assets needed. This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt).

After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity. From a valuation perspective, valuation analysts will restate the values of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, valuation analysts can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

7.3 Income Approach

The income approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits. Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.0 APPRAISALS APPROACHES

In the process of valuing the Business Enterprise, we have taken into account of the uniqueness of its operation, the industry it is participating, and the availability of information and market data. The asset approach is not applicable in this case since the Business Enterprise does not require substantial fixed assets to support its business. We have therefore adopted the income approach to assess the fair value of the Business Enterprise as the market approach is less appropriate in the absence of relevant and recent market transactions.

8.1 Market Comparable

We have searched suitable comparable companies (hereinafter referred to as the "Comparable") on a best effort basis and identified Comparable listed in the following table, which are the closest proxies to the nature of the Business Enterprise with similar industry focus, risk and return nature. Details of the Comparable are summarized below.

Company Name	Equity Beta	Volatility *(%)*
Cogobuy Group (400 HK)	0.821	98.799
eContext Asia Limited (1390 HK)	0.936	66.222
Prosten Technology Holdings Limited (8026 HK)	0.371	98.456
Average	0.709	87.826

The search and selection of the Comparable was performed on an exhaustive basis using Bloomberg equity screening function with the following criteria: (i) companies primarily listed on the Stock Exchange; (ii) company description contained "e-commerce" or "ecommerce"; (iii) in the sectors defined by the global industry classification standard ("GICS"): catalog retail, internet software & services, internet & catalog retail, and internet retail; and (iv) a market capitalization under HKD50 billion according to the undiscounted free cash flow in order to eliminate comparable company that are significantly different in size. The market capitalization under HKD50 billion is selected so that sufficient number of representative comparable companies could be obtained for our valuation purpose. Description of each of the companies in the Comparable follows:

8.1.1 Cogobuy Group

Cogobuy Group provides an e-commerce platform for electronic goods in China. The company deals with computer and telecommunication hardware. Cogobuy and its subsidiaries operate in China and distribute their products globally.

8.1.2 eContext Asia Limited

The company provides online payment solutions and offers infrastructure with security and convenient payment solutions for credit cards, stores payments, banking transfer, e-money, and international payments. The company was acquired by another company and delisted on 4 June 2015.

8.1.3 Prosten Technology Holdings Limited

The company, through its subsidiaries, designs and configures broadband data networks and internet backbone in China. The company also develops applications software for system management and provides e-commerce solution and related technology consultancy services.

Cogobuy Group makes use of the e-commerce platform to conduct its business selling products different from the Business Enterprise, while the other two have their business risks highly related to e-commerce which reflects risks similar to the Business Enterprise.

8.2 Discount Rate

We retrieved 10 years market return and risk free interest rate from Bloomberg, which are 10.027 percent and 1.519 percent respectively as at the Valuation Date, hence, determined a market premium 8.508 percent. In accordance with the capital asset pricing model ("CAPM") and the average equity beta of 0.709 for the Comparable, the cost of equity is 13.28 percent (hereinafter referred to as the "Discount Rate") after adopting a size premium 3.84 percent according to Ibbotson SBBI Classic Yearbook 2014 (hereinafter referred to as the "Yearbook") and a country risk premium 1.892 percent.

The Yearbook reported size premia for end of 2013 to be 3.84 percent for micro-cap companies of a market capitalization of approximately USD420 million or below. The Yearbook is published for practitioners in investment, valuation or other financial fields, which has been revised and updated annually for more than 25 years. The Yearbook has become a standard reference publication for both the investment and business valuation communities. It was extended from the seminal study in 1976 by Professor Roger Ibbotson that analyzed the long term returns of the principal asset classes in the US economy, his findings documented the relationship between risk and return.

Since the Business Enterprise is a private entity, we further adopted a discount of 10.80 percent for lack of marketability according to a research conducted by Bruce Johnson published in the Business Valuation Review (December 1999) pp.152-155. The research, "Quantitative Support for Discounts for Lack of Marketability", was aimed to reveal a link between the wide range of price discounts observed by other researchers and subject company characteristics. He studied 72 private placements and analyzed four factors that might influence the size of the discount, namely, (1) net income margin, (2) size of net income, (3) sales volume, and (4) transaction value. His findings are summarized below:

Net Income Margin	**Average Discount**	**Size of Net Income** *(in USD million)*	**Average Discount**
Negative	22.5%	Negative	22.5%
0% to 5%	23.7%	0 to 1	26.0%
5% to 10%	15.2%	1 to 10	18.1%
10% or above	11.6%	10 or above	6.3%

Sales Volume *(in USD million)*	**Average Discount**	**Transaction Value** *(in USD million)*	**Average Discount**
0 to 10	23.5%	0 to 5	26.7%
10 to 50	19.4%	5 to 10	20.9%
50 to 200	17.7%	10 to 25	17.0%
200 or above	13.0%	25 or above	10.8%

We have assessed on each of the four factors, discounts fall in a range between 7.98 and 20.26 percent with a mean of 14.90 percent according to a simple linear regression of discount on net income size. If the simple linear regression is on total sales, it will suggest a discount range of 18.68 to 20.48 percent with a mean of 19.71 percent, while, using net income margin will suggest a range of 4.64 to 11.02 percent with a mean of 6.17 percent. As the financial ratios of the Business Enterprise are changing between years, these three factors cannot provide definitive indication of the applicable discount. Hence, we considered the transaction value to be more appropriate.

As shown in the discounted cash flow analysis below, the value of the Business Enterprise before discount is HKD439.66 million or USD56.73 million and according to the transaction value ranges and average discounts summarized as above, a discount of 10.80 percent can be determined accordingly and adopted.

8.3 Discounted Cash Flow

For the financial years ending 31 March 2016 ("FY2016") to 31 March 2020 ("FY2020") (hereinafter referred to as the "Forecast Period"), majority of the total revenue of the Business Enterprise consists of (i) the revenue from the e-commerce segment which is assumed to be grew at approximately 36% per year; (ii) the revenue from the sale of Multi Marketplace Product which 4 units is assumed to be sold at a basic selling price of HK$1,250,000 in FY2016, and subsequently, the units to be sold will be maintained at 4 units per year while the basic selling price is assumed to be increased at 20% per year; (iii) the revenue from the sale of WeChat Application which 2 units is assumed to be sold at a basic selling price of HK$1,000,000 in FY2016, and subsequently, the units to be sold will be maintained at 4 units per year while the basic selling price is assumed to be increased at 20% per year. As a result, the said total revenue would grow at approximately 44% in FY2016 and gradually slowed down to approximately 36% in FY2020.

Having assumed that the gross profit margin for the e-commerce segment be maintained at approximately 16% and only the total research and development cost of the Multi Marketplace Product and the WeChat Application be amortized over a three years period commencing from FY2016, the combined gross profit margin will be maintained at a narrow range between 20% and 21% throughout the Forecast Period.

In addition, having considered that (i) the Target Company's selling and marketing expenses would grow at approximately 37% per year and additionally, at an inflation rate of 3%; (ii) the administrative expenses would grow at an inflation rate of 3% per year; and (iii) no additional cost would be incurred for the information technology segment, the combined net profit margin would increase from approximately 2% in FY2016 to 11% in FY2020.

According to the forecasts prepared on the basis of the above major assumptions and provided by the Business Enterprise, we have prepared the free cash flows after adjusting for working capital requirements for the Forecast Period and appended below.

Years ending 31 March	**Free Cash Flow** *(HKD'000)*	**PV Factor** *(@ 13.28%)*	**Present Values** *(HKD'000)*
2016	11,709	0.8920	10,444
2017	21,305	0.7874	16,776
2018	32,186	0.6951	22,372
2019	46,948	0.6136	28,807
2020	66,408	0.5417	35,973
Continuing Value	600,494	0.5417	325,288
Fair Value before Marketability Discount			439,660
Discount for Lack of Marketability			(47,483)
Fair Value as at Valuation Date			392,176

The majority of the free cash flow is contributed by the e-commerce segment of which it would contribute approximately 58% of the total free cash flow for the financial years ended 31 March 2015 and ending 31 March 2016 while gradually increase to approximately 77% later in the Forecast Period.

8.4 The Fair Value

According to the discounted cash flow analysis, fair value of 100 percent equity interest in the Business Enterprise is therefore determined to be approximately HKD392 million as at the Valuation Date and adopted. Unless otherwise stated, all monetary amounts stated in this appraisal report are in Hong Kong Dollars ("HKD").

9.0 APPRAISAL ASSUMPTIONS

We have adopted certain specific assumptions in this appraisal and the major ones are as follows:

- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates.

- The Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments.

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained, and renewed upon expiry.

- There will be no major changes in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise.

10.0 LIMITING CONDITIONS

This appraisal reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions. To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis, are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management and the Company in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the Business Enterprise and have assumed no responsibility for the title to the business enterprise appraised. We would particularly point out that our appraisal was based on the information such as company background, business nature, market share, future prospecting and in particular the cash flow projections of the Business Enterprise provided to us.

Our conclusion of the fair values is derived from generally accepted appraisal procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. We assume no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

11.0 OPINION OF VALUE

Based on the investigation and analysis stated above and on the appraisal methods employed, we are of the opinion that the fair value of 100 percent equity interest in the Business Enterprise as at 30 April 2015 is in the sum of **HKD392,000,000** (**HONG KONG DOLLARS THREE HUNDRED NINETY TWO MILLION ONLY**). We hereby confirm that we have no present interests in the Company, the Business Enterprise, or the values reported herein.

Yours faithfully,
For and on behalf of
STEINBERG Appraisal and Consulting (Hong Kong) Limited
Teddy Iu
CGMA FCMA FCPA FGS FHKIoD MAusIMM MCIM MSEG MSc MSc
Director, Business Valuation

The following is the text of a letter received from Amasse Capital Limited for the purpose of inclusion in this circular.

15 September 2015

The Board of Directors
Sinoref Holdings Limited
35/F, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Dear Sirs,

We refer to the valuation (the "**Valuation**") prepared by STEINBERG Appraisal and Consulting (Hong Kong) Limited ("**STEINBERG**") and dated 15 September 2015 in relation to the estimation of the value of 100% equity interest in VT Zero Limited as at 30 April 2015 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Listing Rules. The Valuation is included in Appendix VI to the circular of Sinoref Holdings Limited dated 15 September 2015 (the "**Circular**"). Unless otherwise stated, capitalised terms used in this report should have the same meanings as those defined in the Circular.

We have reviewed the Profit Forecast upon which the Valuation has been made for which you as the Directors are responsible and discussed with you and STEINBERG the information and documents provided by you which formed part of the bases and assumptions upon which the Profit Forecast has been prepared. We have also considered the letter from Elite Partners CPA Limited dated 15 September 2015 addressed to yourselves as set out in Appendix VIII to the Circular regarding the calculations upon which the Profit Forecast has been made. We noted that in the opinion of Elite Partners CPA Limited that the discounted future estimated cash flows, so far as the accounting policies and calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the Directors. The Profit Forecast is based on a number of bases and assumptions pertaining to the businesses of the HK Subsidiary. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of the HK Subsidiary may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by STEINBERG on the Valuation, for which STEINBERG and the Company are responsible, we are of the opinion that the Profit Forecast upon which the Valuation has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours Faithfully,
For and on behalf of
Amasse Capital Limited
LAM Ting Lok
Managing Director

The following is the text of a letter received from Elite Partners CPA Limited for the purpose of incorporation in this circular.

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

Suites 2B-4A, 20/F., Tower 5,
China Hong Kong City,
33 Canton Road, TST, Kowloon,
Hong Kong

15 September 2015

The Board of Directors
Sinoref Holdings Limited
35/F, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Dear Sirs,

Sinoref Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group")

Comfort letter on forecast underlying the valuation on the entire equity interest of VT Zero Limited

We report on the calculations of the discounted future estimated cash flows on which the valuation prepared by STEINBERG Appraisal and Consulting (Hong Kong) Limited dated 15 September 2015, of the market value of 100% equity interest of VT Zero Limited as at 30 April 2015 (the "Valuation") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be included in a circular dated 15 September 2015 to be issued by the Company in connection with the proposed acquisition (the "Circular").

DIRECTORS' RESPONSIBILITY FOR THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS

The directors of the Company are solely responsible for the preparation of the discounted future estimated cash flows in accordance with the basis and assumptions determined by the directors and set out in Appendix VI to the Circular (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the discounted future estimated cash flows and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Basis of Opinion

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statement of Sufficiency of working Capital and Statements of Indebtedness" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Directors have properly compiled the discounted future estimated cash flows in accordance with the assumptions made by the Directors and as to whether the discounted future estimated cash flows is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Target Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the discounted future estimated cash flows has been properly compiled, in all material respects, in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 15 September 2015

Yip Kai Yin
Practising Certificate Number: P05131

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

Set out below are the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon Completion and the issue of the Consideration Shares.

Authorised		*HK$*
3,000,000,000	Shares at the Latest Practicable Date	300,000,000
Issued and fully paid or credited as fully paid		
2,049,228,000	Shares as at the Latest Practicable Date	204,922,800
520,000,000	Consideration Shares to be allotted and issued upon Completion	52,000,000
2,569,228,000		256,922,800

All the issued Shares including the Consideration Shares will rank *pari passu* with each other in all respects including the rights in respect of capital, dividend and voting.

3. DISCLOSURE OF INTERESTS

Interests of the Directors and Chief Executive in the Company and its Associated Corporations

As at the Latest Practicable Date, none of the Directors or Chief executive of the Company had the interests and short positions, if any, of each Director and chief executive of the Company in any Shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Disclosure of Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	**Nature of interest**	**Number of Shares** *(Note 1)*	**Approximate % of the issued share capital of the Company**
Mr. Jiang Qi Hang	Interest in a controlled corporation	205,012,000 Shares (L) *(Note 2)*	10.00%
Fully Wealthy Inc.	Beneficial owner	205,012,000 Shares (L) *(Note 2)*	10.00%
Vendor 2	Interest in a controlled corporation	130,000,000 Shares (L) *(Note 3)*	6.34%
Win All Management	Beneficial owner	130,000,000 Shares (L) *(Note 3)*	6.34%

Notes:

1. The letter "L" denotes the person's long position in our Shares.

2. Fully Wealthy Inc. is the legal and beneficial owner of approximately 10.00% of the entire issued share capital of the Company. Fully Wealthy Inc. is wholly owned by Mr. Jiang Qi Hang.

3. Win All Management is the legal and beneficial owner of approximately 6.34% of the entire issued share capital of the Company. Win All Management is wholly owned by Vendor 2.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' INTERESTS

(a) As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which have, since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

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

(c) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the employer within a year without payment of compensation (other than statutory compensation).

(d) As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors and their respective close associates had any interests in business which competes, or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, none of the members of the Group was engaged in any litigation, arbitration or administration proceedings of material importance and there was no litigation, arbitration or administration proceedings or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The members of the Group had, after the date of two years immediately preceding the date of this circular, entered into the following contracts which were or might be material, other than contracts in the ordinary course of business of the Group:

(a) the placing agreement dated 10 January 2014 entered into between China Investment Securities International Brokerage Limited and the Company in relation to the placing of up to 200,000,000 placing shares at a placing price of HK$0.38 each;

(b) the subscription agreement dated 10 January 2014 entered into between Mr. Chen Hong and the Company in relation to the subscription of 200,000,000 subscription shares at a subscription price of HK$0.38 each;

(c) the sale and purchase agreement dated 7 March 2014 made between Rainbow Phoenix Holdings Limited and the Company in relation to the acquisition of 100% issued share capital in Accurate Trade International Limited at a consideration of RMB$55 million;

(d) the placing agreement dated 25 June 2014 entered into between China Investment Securities International Brokerage Limited and the Company in relation to the placing of up to 110,000,000 placing shares at a placing price of HK$0.57 each;

(e) the subscription agreement dated 25 June 2014 entered into between Mr. Chen Hong and the Company in relation to the subscription of 110,000,000 subscription shares at a subscription price of HK$0.57 each;

(f) the sale and purchase agreement dated 3 November 2014 enter into between Ms. Lam Wai Ha and the Company in relation to the acquisition of 90% issued share capital in Time Credit Limited at a consideration of HK$140 million;

(g) the placing agreement dated 16 April 2015 entered into between the Company and Convoy Investment Services Limited in relation to the placing of up to 170,000,000 placing shares at a placing price of HK$0.31 each;

(h) the placing agreement dated 2 June 2015 entered into between the Company and Convoy Investment Services Limited in relation to the placing of up to 313,000,000 placing shares at a placing price of HK$0.35 each; and

(i) the Agreement.

7. EXPERTS AND CONSENTS

The following is the qualification of the expert who has been named in this circular and has given opinions and advice which are contained in this circular:

Name	Qualification
Amasse Capital Limited	A licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
Elite Partners CPA Limited	Certified Public Accountants
STEINBERG Appraisal and Consulting (Hong Kong) Limited	Independent valuer

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the above experts had any interest, either direct or indirect, in any assets which have been, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group nor had any shareholding in any member of the Enlarged Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 35/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong from the date of this circular up to and including the date of EGM:

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

(b) the annual reports of the Company for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014;

(c) the accountants' report on the Target Group as set out in Appendix III to this circular;

(d) the report on the unaudited pro forma financial statements on the Enlarged Group as set out in Appendix V to this circular;

(e) the valuation report on the HK Subsidiary as set out in Appendix VI to this circular;

(f) the letter from Amasse Capital Limited in relation to the valuation of the HK Subsidiary as set out in Appendix VII to this circular;

(g) the letter from Elite Partners CPA Limited in relation to the valuation of the HK Subsidiary as set out in Appendix VIII to this circular;

(h) the written consents from the experts as referred to in the paragraph headed "Experts and Consents" of this Appendix;

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

(j) this circular.

9. MISCELLANEOUS

(a) The secretary of the Company is Mr. Sin Kwok Wai Ronald who is an associate member of HKICPA and a fellow member of the CPA Australia.

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

(c) The Company's principal place of business in Hong Kong is at 35/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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

SINOREF

SINOREF HOLDINGS LIMITED

華耐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1020)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of Sinoref Holdings Limited (the "**Company**") will be held at 35/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Wednesday, 7 October 2015 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement (the "**Agreement**") entered into among the Company, as purchaser, Mr. Lee Yim (the "**Vendor 1**") and Mr. Ng Hang Fai Calvin (the "**Vendor 2**", together with Vendor 1, the "**Vendors**"),as vendors, dated 15 May 2015 in relation to sale and purchase of the entire issued share capital of Soaring International Holdings Limited at a total consideration of HK$380 million (a copy of which has been produced to the meeting and marked "A" and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the issue by the Company of promissory note in the principal amount of HK$213.6 million to the Vendors in accordance with the terms and conditions of the Agreement be and is hereby approved;

(c) the allotment and issue of 520,000,000 new shares of the Company (the "**Consideration Shares**") for partial settlement of the total consideration pursuant to the terms and conditions of the Agreement be and is hereby approved;

(d) subject to the fulfillment of the conditions of the Agreement, any one director of the Company (the "**Director(s)**") be and is hereby generally and specifically authorised to allot and issue the Consideration Shares (the "**Specific Mandate**"). The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and

(e) any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole."

Yours faithfully
By order of the Board
Sinoref Holdings Limited
Mr. Xu Yejun
Chairman

Hong Kong, 15 September 2015

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
35/F
Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the memorandum of association and articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he so wish.

(3) Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(4) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.

As at the date of this notice, the executive Directors are Mr. Xu Yejun and Mr. Sin Kwok Wai Ronald, the non-executive Directors are Mr. Chow Chi Wa and Ms. Yip Sum Yu and the independent non-executive Directors are Mr. Cao Ke, Mr. Tong Yiu On and Mr. Li Yik Sang.