THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Goldjoy Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)

(1) MAJOR TRANSACTION IN RELATION TO THE CONDITIONAL AGREEMENT FOR ACQUISITION OF SHARES IN NEW SPORTS GROUP LIMITED THROUGH THE OFFEROR AND THE OFFER AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser

建银国际
CCB International

CCB International Capital Limited

Capitalised terms used on this cover page have the same meaning as defined in "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 33 of this circular. A notice convening the EGM to be held on Monday, 15 April 2019 at 11:00 a.m. at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong 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 branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 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 the time 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.

26 March 2019

CONTENTS

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

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day, excluding Saturday, Sunday and public holiday in Hong Kong
"Cash Alternative"	the cash alternative under the Offer, being HK$0.435 in cash for each Offer Share
"CCBI Capital"	CCB International Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror
"CCBI Securities"	CCB International Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Closing Date"	the date to be stated in the Composite Offer Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code and approved by the Executive
"Company"	China Goldjoy Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 01282)
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the third Business Day after satisfaction of the Conditions set out in paragraphs (i), (ii) and (iii) as detailed in the sub-section headed "Conditions" in the section headed "THE SALE AND PURCHASE AGREEMENT" in "Letter from the Board" of this circular or such other date as may be agreed between the Parties in writing

"Composite Offer Document"	the composite offer and response document to be jointly issued by the Offeror and NSG in accordance with the Takeovers Code containing, among other things, details of the Offer (including the expected timetable), the recommendation from the NSG Independent Board Committee to the NSG Independent Shareholders and the advice from the independent financial adviser to the NSG Independent Board Committee in respect of the Offer and the relevant forms of acceptance and transfer
"Conditions"	the conditions precedent to Completion, as more particularly set out in the sub-section headed "Conditions" in the section headed "THE SALE AND PURCHASE AGREEMENT" in "Letter from the Board" of this circular
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration Shares"	in aggregate up to 1,509,180,611 new CGG Shares to be issued by CGG to the Vendors to settle the consideration payable by the Offeror for the Sale Shares pursuant to the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder including, without limitation, the acquisition of NSG Shares through the Offeror and the Offer and the allotment and issue of new CGG Shares as Consideration Shares and as Share Alternative under the Offer
"Encumbrances"	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
"Enlarged Group"	the Group upon completion of the Offer
"Executive"	the executive director of the Corporate Finance Division of the SFC or any of his delegates

"Facility"	a loan facility of up to HK$620,000,000 granted by CCBI Securities to the Offeror
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Joint Announcement"	the announcement jointly issued by the Company, the Offeror and NSG dated 21 January 2019
"Last Trading Day"	17 January 2019, being the last trading day for the NSG Shares and CGG Shares immediately prior to their respective suspension in trading on the Stock Exchange pending the publication of the Joint Announcement
"Latest Practicable Date"	21 March 2019, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on Stock Exchange
"Long Stop Date"	30 April 2019 or such later date as may be agreed in writing by the Parties
"NSG"	New Sports Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 00299)
"NSG Board"	the board of directors of NSG
"NSG Directors"	directors of NSG
"NSG Group"	NSG together with its subsidiaries and the expression "member of the NSG Group" shall be construed accordingly
"NSG Independent Board Committee"	the independent board committee, comprising Ms. Zhan Yushan who is a non-executive director of NSG, and Mr. Chen Zetong, Ms. He Suying and Dr. Tang Lai Wah who are independent non-executive directors of NSG, which has been established by NSG to advise the NSG Independent Shareholders in relation to the terms and conditions of the Offer

"NSG Independent Shareholders"	in respect of the Offer, the holders of NSG Shares, other than the Offeror and parties acting in concert with it
"NSG Share(s)"	share(s) with a par value of HK$0.05 each in the share capital of NSG
"Offer"	the possible unconditional mandatory general offer (with Cash Alternative and Share Alternative) to be made by CCBI Capital for and on behalf of the Offeror for all the issued NSG Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code
"Offer Share(s)"	all the issued NSG Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it when the Offer is made
"Offeror"	Hong Kong Bao Xin Asset Management Limited, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company
"Offeror Concert Group"	the Offeror and parties acting in concert with it, including, without limitation, CGG and its subsidiaries, Mr. Yao Jianhui, Mr. Li Minbin and Mr. Zhang Chi
"Parties"	the Offeror and the Vendor Parties
"PRC"	the People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Previous Acquisition"	the acquisition of an aggregate of 1,144,151,739 NSG Shares by a subsidiary of the Company pursuant to a sale and purchase agreement dated 28 November 2018, details of which are set out in the Company's announcement dated 28 November 2018
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 17 January 2019 entered into among the Offeror and the Vendor Parties in respect of the sale and purchase of the Sale Shares, as amended and supplemented by a supplemental agreement dated 18 January 2019 entered into among the same parties

"Sale Shares"	in aggregate up to 1,509,180,611 NSG Shares, representing approximately 37.18% of the issued share capital of NSG as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)" or "CGG Share(s)"	share(s) with a par value of HK$0.10 each in the share capital of the Company
"Share Alternative"	the share alternative under the Offer, being one (1) new Share for every Offer Share
"Shareholder(s)"	the holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Update Announcement"	the announcement jointly issued by the Company, the Offeror and NSG dated 18 March 2019 in relation to the number of Sale Shares
"Vendor(s)"	Upright Hoist Limited, Mr. Zhang Xiaodong and/or Tengyue Limited
"Vendor Party(ies)"	Upright Hoist Limited, Mr. Zhang Xiaodong, Tengyue Limited and/or Mr. Wu Teng
"Yue Jin Acquisition"	the acquisition of the entire issued share capital in Yue Jin Asia Limited* (粵錦亞洲有限公司) by a wholly-owned subsidiary of NSG pursuant to the terms and conditions of the Yue Jin Agreement, details of which are set out in NSG's announcement and circular dated 19 September 2016 and 30 November 2016 respectively
"Yue Jin Agreement"	the agreement dated 19 September 2016 entered into among NSG, the Yue Jin Seller and other parties named therein in relation to the Yue Jin Acquisition

"Yue Jin Retained Shares"	new NSG Shares that may fall to be allotted and issued by NSG to the Yue Jin Seller (or its nominee) by 30 April 2019 to settle the retained consideration of HK$150,000,000 (subject to adjustment) pursuant to the terms and conditions of the Yue Jin Agreement
"Yue Jin Seller"	Yue Jin International Limited (粵錦國際有限公司), a company incorporated in the British Virgin Islands with limited liability and the seller as named in the Yue Jin Agreement
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent.

* *The English transliteration of the Chinese name(s) in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)

Executive Directors:
Mr. Yao Jianhui *(Chairman and Chief Executive Officer)*
Mr. Lau Wan Po *(Vice Chairman)*
Mr. Li Minbin
Mr. Huang Wei
Mr. Zhang Chi

Non-executive Directors:
Mr. Chen Kaiben

Independent non-executive Directors:
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung

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

Head Office and Principal Place of Business in Hong Kong:
Units 1908 to 1909, 19/F
Tower 2, Lippo Centre
No. 89 Queensway
Hong Kong

26 March 2019

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION IN RELATION TO THE CONDITIONAL AGREEMENT FOR ACQUISITION OF SHARES IN NEW SPORTS GROUP LIMITED THROUGH THE OFFEROR AND THE OFFER

INTRODUCTION

Reference is made to the Joint Announcement and the Update Announcement in relation to, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder including, without limitation, the acquisition of NSG Shares through the Offeror and the Offer and the allotment and issue of new CGG Shares as Consideration Shares and as Share Alternative under the Offer.

The purpose of this circular is to provide you with, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the financial information of the NSG Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) other information as required under the Listing Rules; and (vi) the notice convening the EGM.

THE SALE AND PURCHASE AGREEMENT

Date

17 January 2019

Parties

(i) The Offeror, as purchaser of the Sale Shares;

(ii) Upright Hoist Limited, as vendor of 758,558,639 NSG Shares;

(iii) Mr. Zhang Xiaodong, as vendor of 1,475,000 NSG Shares and guarantor of Upright Hoist Limited;

(iv) Tengyue Limited, as vendor of 749,146,972 NSG Shares; and

(v) Mr. Wu Teng, as guarantor of Tengyue Limited.

Upright Hoist Limited is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding. Mr. Zhang Xiaodong, an executive director and vice chairman of NSG, is legally and beneficially interested in the entire issued share capital of Upright Hoist Limited.

Tengyue Limited is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding. Mr. Wu Teng, a non-executive director of NSG, is legally and beneficially interested in the entire issued share capital of Tengyue Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Upright Hoist Limited, Tengyue Limited and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Offeror (a wholly-owned subsidiary of the Company) conditionally agreed to purchase and the Vendors conditionally agreed to sell the Sale Shares, being in aggregate 1,509,180,611 NSG Shares, representing approximately 37.18% of the existing issued share capital of NSG as at the date of the Sale and Purchase Agreement.

As disclosed in the Update Announcement, the Offeror had been advised by Mr. Zhang Xiaodong that he expected to be able to deliver only part of his Sale Shares, being 800,000 NSG Shares (representing approximately 0.020% of the issued share capital of NSG as at the Latest Practicable Date), to the Offeror at Completion because the remaining part of his Sale Shares, being 675,000 NSG Shares (representing approximately 0.017% of the issued share capital of NSG as at the Latest Practicable Date), were pledged in favour of a lender and it was expected that such Sale Shares would still be subject to the pledge upon Completion.

The Offeror intends to proceed with the transactions contemplated under the Sale and Purchase Agreement notwithstanding that Mr. Zhang Xiaodong may fail to deliver all his 1,475,000 Sale Shares to the Offeror at Completion as agreed under the Sale and Purchase Agreement. To the extent that Mr. Zhang Xiaodong is only able to deliver 800,000 Sale Shares to the Offeror at Completion, and subject to all of the Conditions having been fulfilled (or otherwise waived, as the case may be), the Offeror intends to accept such Sale Shares at Completion and correspondingly adjust the number of Consideration Shares to be issued to Mr. Zhang Xiaodong to 800,000 new CGG Shares on the basis of one Consideration Share for each Sale Share. In the circumstances, the adjusted total number of Sale Shares will be 1,508,505,611 NSG Shares (after deducting 675,000 NSG Shares that will be retained by Mr. Zhang Xiaodong at Completion, as the case may be), representing approximately 37.16% of the existing issued share capital of NSG as at the Latest Practicable Date.

Consideration for the Sale Shares

The total consideration for the Sale Shares will be settled by the Offeror by procuring the Company to issue the Consideration Shares (being in aggregate 1,509,180,611 new CGG Shares, representing approximately 5.83% of the existing issued share capital of CGG as at the Latest Practicable Date) to the Vendors, as to (i) 758,558,639 new CGG Shares to Upright Hoist Limited, (ii) 1,475,000 new CGG Shares to Mr. Zhang Xiaodong, and (iii) 749,146,972 new CGG Shares to Tengyue Limited. Based on the par value of HK$0.10 per Share, the 1,509,180,611 Consideration Shares have an aggregate nominal value of HK$150,918,061.10.

On the basis that Mr. Zhang Xiaodong will only deliver 800,000 NSG Shares to the Offeror at Completion, the adjusted total number of Consideration Shares will be 1,508,505,611 new CGG Shares, representing approximately 5.83% of the existing issued share capital of CGG as at the Latest Practicable Date, as to approximately (i) 758,558,639 new CGG Shares to Upright Hoist Limited; (ii) 800,000 new CGG Shares to Mr. Zhang Xiaodong; and (iii) 749,146,972 new CGG Shares to Tengyue Limited. Such 1,508,505,611 Consideration Shares have an aggregate nominal value of HK$150,850,561.10.

Based on the weighted average traded price of board lots of CGG Shares on the date of the Sale and Purchase Agreement, each Sale Share has an ascribed value of HK$0.435, which represents:

(i) a discount of approximately 14.71% to the closing price of HK$0.51 per NSG Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 3.57% over the closing price of HK$0.420 per NSG Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 4.32% over the average closing price of HK$0.417 per NSG Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 0.23% to the average closing price of approximately HK$0.436 per NSG Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 17.77% to the average closing price of approximately HK$0.529 per NSG Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

(vi) a premium of approximately 0.46% over the audited consolidated net asset value attributable to the owners of NSG of approximately HK$0.433 per NSG Share as at 31 December 2017, based on NSG's audited consolidated net asset value attributable to the owners of NSG of approximately HK$1,759,462,000 as at 31 December 2017 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date; and

(vii) a discount of approximately 39.08% to the unaudited consolidated net asset value attributable to the owners of NSG of approximately HK$0.714 per NSG Share as at 30 June 2018, based on NSG's unaudited consolidated net asset value attributable to the owners of NSG of approximately HK$2,900,166,000 as at 30 June 2018 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date.

The consideration for the Sale Shares was determined after arm's length negotiations between the Parties taking into account the following:

(i) the recent financial performance of the Company and NSG:

According to the published financial statements of the Company and NSG, the financial performance of the Company and NSG for the year ended 31 December 2017 and for the six months ended 30 June 2018 are as follows:

	The Company		**NSG**	
	For the six months ended 30 June 2018 (unaudited)	**For the year ended 31 December 2017** (audited)	**For the six months ended 30 June 2018** (unaudited)	**For the year ended 31 December 2017** (audited)
Revenue *(HKD'000)*	914,021	2,825,287	891,924	191,519
Gross (loss)/profit *(HKD'000)*	322,387	871,276	20,412	(42,772)
Profit attributable to owners of the Company *(HKD'000)*	243,673	869,170	114,788	87,940
Earnings per share for profit attributable to owners of the Company:				
— basic (expressed in Hong Kong cent per share)	0.940	3.900	3.586	(0.043)
— diluted (expressed in Hong Kong cent per share)	0.940	3.900	3.586	—
Net asset value *(HK$'000)*	7,215,072	7,769,381	3,883,596	2,379,958
Net asset value per share *(HK$)*	0.28	0.31	0.95	1.16
Cash and cash equivalents *(HK$'000)*	1,357,428	2,231,369	1,002,426	327,249
Borrowings *(HK$'000)*	2,022,796	625,865	3,372,261	1,492,657
Gearing ratio *(%)*	28.04%	8.06%	86.83%	62.72%

The Group has a sound financial track record in the recent years with increased net profit attributable to equity holders recorded for the three consecutive financial years ended 31 December 2017. Meanwhile, the NSG Group recorded net profit attributable to equity holders for the year ended 31 December 2017 after recording losses for several consecutive financial years since the financial year ended 31 December 2012. Nevertheless, the NSG Group shows a growing trend in its net asset value since the year ended 31 December 2014.

(ii) the respective average closing prices of the CGG Shares and NSG Shares in various periods for the last 90-day period preceding the Last Trading Date.

The analysis of the average closing prices of the CGG Shares and NSG Shares are as follows:

	Per CGG Share *HK$*	Per NSG Share *HK$*	Premium/ (Discount) of the price per CGG Share over/(to) the price per NSG Share
The Last Trading Day	0.435	0.42	3.57%
The average closing price as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day (the"5-day average")	0.436	0.417	4.56%
The average closing price as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day (the"10-day average")	0.422	0.436	(3.21%)
The average closing price as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day (the"30-day average")	0.397	0.529	(24.95%)
The average closing price as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day (the"60-day average")	0.375	0.436	(13.99%)
The average closing price as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day (the"90-day average")	0.385	0.450	(14.44%)

To determine the consideration and the exchange ratio for the Sale Shares, the Parties considered that the then closing prices of the CGG Shares and the NSG Shares prior to the date of the Sale and Purchase Agreement were able to reflect the market value of both shares during the negotiation in the first half of January 2019. Accordingly, among other factors, the consideration and the exchange ratio of CGG Shares for the Sale Shares were decided primarily with reference to their closing prices as at the date of the Sale and Purchase Agreement, the 5-day average, the 10-day average, the 30-day average, the 60-day average and the 90-day average.

Having considered the factors above and the future business prospect of the NSG Group, the Company considers that the consideration and the exchange ratio of CGG shares for the Sale Shares to be fair and reasonable.

The Offeror shall procure for the issuance of the Consideration Shares by the Company to the Vendors on the Completion Date.

Rights and ranking of the Consideration Shares

The Consideration Shares, when allotted and issued, will rank equally in all respects among themselves and with all other CGG Shares in issue as at the date of issuance of such Consideration Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company with a record date falling on or after the date of allotment and issue of such Consideration Shares.

Mandate to issue the Consideration Shares by CGG

The Consideration Shares will be issued under the specific mandate to be sought at the EGM.

Application for listing

An application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

Conditions

Completion is conditional upon the fulfilment (or waiver) of the following conditions on or before the Long Stop Date:

(i) the Joint Announcement having been published by NSG and the Offeror as required under the Takeovers Code;

(ii) the Company having obtained approval of the Shareholders for the transactions contemplated under the Sale and Purchase Agreement and the Offer (including, without limitation, the allotment and issue of the Consideration Shares and the new CGG Shares falling to be allotted and issued under the Share Alternative) in compliance with the Listing Rules;

(iii) the listing committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares and the CGG Shares to be allotted and issued under the Share Alternative on the Stock Exchange;

(iv) the Vendors' warranties remaining true, accurate and complete in all respects and not misleading in any respect as of date of the Sale and Purchase Agreement and the Completion Date, and none of the Vendor Parties nor NSG having breached the Sale and Purchase Agreement and/or the undertakings made by it/him thereunder;

(v) the Vendor Parties having performed all their obligations under the Sale and Purchase Agreement which are required to be performed by them at or prior to the Completion Date;

(vi) each member of the NSG Group having complied with the pre-Completion covenants set out in the Sale and Purchase Agreement, details of which are set out under "Pre-Completion Covenants" below;

(vii) the NSG Shares remaining, during the period from the date of the Sale and Purchase Agreement up to the Completion Date, listed and trading on the Stock Exchange and there being, up to the Completion Date, no indication from the Stock Exchange or the SFC that the listing and/or trading of the NSG Shares on the Stock Exchange will be revoked or objected as a result of the consummation of the transactions under the Sale and Purchase Agreement, or the terms of the Sale and Purchase Agreement, or otherwise (but excluding any suspension of trading in NSG Shares due to insufficient public float in the NSG Shares immediately after the close of the Offer, or any suspension of trading in NSG Shares pending clearance of the transactions contemplated under the Sale and Purchase Agreement and/or the Offer by the SFC and/or the Stock Exchange);

(viii) as of the Completion Date, no party shall have obtained any binding order from any competent authorities, and no legal proceedings shall have been instigated or threatened with a view to obtaining any such order, which restricts or prohibits any party from performing the Sale and Purchase Agreement or may adversely affect the Offeror's legal and beneficial title to the Sale Shares free from all encumbrances, and the Sale and Purchase Agreement and all transactions contemplated thereunder shall have complied with all applicable legal and regulatory requirements;

(ix) from the date of the Sale and Purchase Agreement, (i) there shall have occurred no material adverse effect with respect to the conditions (financial or otherwise), prospects, operating performance or affairs of the NSG Group as a whole and (ii) there shall have occurred no material adverse change in the applicable laws of all jurisdictions in which the NSG Group operates which may have a material adverse effect on the NSG Group as a whole; and

(x) as of the Completion Date, none of NSG or other members of the NSG Group shall have breached or failed to comply (and there shall have occurred no event which causes NSG or other members of the NSG Group to not perform) any deeds, agreements, leases, mortgages, trust deeds, covenants, loan agreements or other agreements, obligations, undertakings, conditions or instruments to which NSG or other members of the NSG Group is a party or which has binding effect on the respective assets of NSG or other members of NSG Group, the breach or non-compliance of which may have material adverse effect with respect to the conditions (financial or otherwise), prospects, operating performance or affairs of the NSG Group as a whole.

The Offeror may waive (in whole or in part) any of the Conditions in paragraphs (iv) to (x) above in its absolute discretion at any time on or before the Long Stop Date by written notice to the Vendors. The Offeror intends to only consider giving waiver for any of the Conditions in paragraphs (iv) to (x) above if such waiver would not prejudice the interests of the Company and its Shareholders, or, if following the waiver, the Company would remain in materially the same economic position as the Company would have been in had the relevant Condition(s) been fulfilled. If any of the above Conditions has not been fulfilled or waived by the Offeror (as the case may be) on or before the Long Stop Date, the Offeror by written notice to the Vendors may terminate the Sale and Purchase Agreement whereupon everything therein contained shall become null and void and of no effect, except certain surviving provisions, subject to any liability in respect of any antecedent breach.

As at the Latest Practicable Date, save for the Condition in paragraph (i) above, none of the Conditions had been fulfilled or, if applicable, waived by the Offeror.

Pre-Completion Covenants

Pursuant to the Sale and Purchase Agreement, unless with the prior written consent of the Offeror, the Vendor Parties shall ensure NSG will, and shall procure that the other members of the NSG Group will, comply with the following covenants during the period commencing from the signing of the Sale and Purchase Agreement up to the Completion Date:

(1) not to amend their articles of association or other constitutional documents and/or shareholders' agreement (if applicable);

(2) not to appoint any additional directors or remove any existing directors of NSG (save as required under the Sale and Purchase Agreement);

(3) not to issue, allot, purchase, repay or redeem any shares, options, warrants or instruments, debts or derivative instruments which may be converted into shares (including NSG Shares) or any debt capital, or to enter into any agreement, arrangement or undertaking in respect of the foregoing, or acquire or agree to acquire the equity interest in or merge with any other body corporate, or participate in any spin-off transaction, or participate in any form of corporate restructuring;

(4) continue its operation in its ordinary and usual course of business;

(5) not to acquire or dispose of, or agree to acquire or dispose of, any asset, business or undertaking; or undertake or incur or agree to undertake or incur any indebtedness, commitment or expenses (whether actual, contingent or off-balance sheet), and not to make (or agree to make) any capital expenditure and related commitment;

(6) not to incur (or agree to incur) any non-operating expenses or commitment in excess of HK$1 million for any single matter;

(7) not to declare, pay or distribute dividend or any other form of distribution;

(8) not to pass any shareholders' resolution (save for the passing of any shareholder's resolution required under the Sale and Purchase Agreement);

(9) not to create or agree to create or modify any encumbrances;

(10) not to enter into any single contract, arrangement or commitment of more than HK$10 million, or any contract, arrangement or commitment which is not made on commercial principle and terms which are fair and reasonable;

(11) not to obtain any borrowings and not to issue or allot any debt securities;

(12) not to alter the terms of employment or engagement of any director or senior executive, not to provide or agree to provide free expenses or benefits to any directors, senior officers or employees (or their respective relatives), and not to newly employ, newly engage or terminate the employment or engagement of any person;

(13) not to establish any employee welfare plan, or to disclose to any employees any such plan or that there is any proposal or intention to establish such plan;

(14) not to settle or concede any litigation, arbitration, prosecution, claim or dispute, or to surrender any right in such litigation or arbitration;

(15) not to terminate, waive or consolidate any debts or claims;

(16) not to enter into any agreement, arrangement or undertaking (whether legally enforceable or not) for which any directors or ex-directors of NSG or any member of the NSG Group, or any of their respective connected persons, is interested;

(17) save for any agreement or arrangement with the Offeror or any persons designated by the Offeror, not to enter into any agreement or arrangement with any party in respect of the sale and purchase of the business or asset of NSG or any member of the NSG Group or the sale and purchase of the business or asset of any third party;

(18) not to provide to any person (other than the Offeror, other investors and the respective directors, employees, authorized persons, consultants or agents of the members of the NSG Group) information with respect to any possible sale of any member of the NSG Group or the asset or business of any member of the NSG Group;

(19) cooperate with the Offeror (i) to ensure that the NSG Group can continue to be managed and operated effectively after Completion; and (ii) to prepare for implementation of the standard operating procedures devised by the Offeror after Completion;

(20) save in the ordinary and usual course of business and pursuant to fair commercial terms, not to provide or agree to provide any mortgage, pledge, lien or charge over any part of their properties, assets or equity capital or any guarantee or indemnity in respect of the liabilities of any party which is not a member of the Group; and

(21) not to change its auditor, accounting year-end date or any accounting rules or policies, except for any change proposed by its auditor with respect to any change in generally accepted accounting principles or law.

Undertakings

Pursuant to the Sale and Purchase Agreement, each Vendor Party has undertaken to the Offeror and the Company that during the period from the Completion Date up to the later of (a) the CGG Shares falling to be allotted and issued under the Share Alternative having been allotted and issued to the NSG Independent Shareholders who have accepted the Offer and elected for the Share Alternative and (b) 90 days after the Completion Date (both days inclusive), without the prior written consent of the Offeror and CGG, such Vendor Party will not:

(i) allot, issue, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe for or purchase any interest in the Consideration Shares or any securities convertible into, exchangeable for or which carry rights to subscribe for or purchase the Consideration Shares or other instruments representing interests in the Consideration Shares;

(ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Consideration Shares;

(iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Consideration Shares or other securities, in cash or otherwise; or

(iv) announce or otherwise notify the public of the intention to do any of the foregoing.

Subject to Completion and compliance with the Listing Rules and the Takeovers Code, with effect from the date of the Sale and Purchase Agreement, the Offeror shall have the right to require the Vendor Parties to procure the appointment of the person(s) nominated by the Offeror as new NSG Directors with effect from the earliest date as may be permitted under the Takeovers Code.

Completion

Completion is conditional upon the fulfilment (or waiver, as the case may be) of all of the Conditions and shall take place on the Completion Date. The Completion Date shall be the third Business Day after the fulfillment of the Conditions in paragraphs (i), (ii) and (iii) as detailed in the sub-section headed "Conditions" in the section headed "THE SALE AND PURCHASE AGREEMENT" above (or such other date as may be agreed between the Parties in writing).

POSSIBLE UNCONDITIONAL MANDATORY SECURITIES EXCHANGE OFFER WITH CASH ALTERNATIVE

As at the Latest Practicable Date, there were 4,059,556,212 NSG Shares in issue and the Offeror Concert Group directly held in aggregate 1,187,991,287 NSG Shares, representing approximately 29.26% of the issued share capital of NSG.

As disclosed in the announcement and circular of NSG dated 19 September 2016 and 30 November 2016 respectively in relation to the Yue Jin Acquisition, NSG may or may not be required to settle the retained consideration of HK$150,000,000 by 30 April 2019 by allotting and issuing the Yue Jin Retained Shares (up to 120,967,742 new NSG Shares, subject to adjustment) to the Yue Jin Seller (or its nominee) in accordance with the Yue Jin Agreement. If 120,967,742 new NSG Shares are issued by NSG as Yue Jin Retained Shares pursuant to the Yue Jin Agreement, immediately upon the allotment and issue of such NSG Shares and assuming there is no other changes to the issued share capital of NSG, there will be 4,180,523,954 NSG Shares in issue.

Assuming no changes to the issued share capital of NSG from the Latest Practicable Date to the Completion Date and subject to and upon Completion, on the basis that Mr. Zhang Xiaodong will only deliver 800,000 NSG Shares (instead of 1,475,000 Sale Shares as agreed under the Sale and Purchase Agreement) to the Offeror at Completion, the Offeror Concert Group will be interested in a total of 2,696,496,898 NSG Shares, representing approximately 66.42% of the issued share capital of NSG. Assuming 120,967,742 new NSG Shares are issued as Yue Jin Retained Shares on or before Completion and there are no other changes to the issued share capital of NSG from the date of the Joint Announcement to the Completion Date and subject to and upon Completion, on the basis that Mr. Zhang Xiaodong will only deliver 800,000 NSG Shares (instead of 1,475,000 Sale Shares as agreed under the Sale and Purchase Agreement) to the Offeror at Completion, the Offeror Concert Group will be interested in a total of 2,696,496,898 NSG Shares, representing approximately 64.50% of the issued share capital of NSG. Pursuant to Rule 26.1 of the Takeovers Code, subject to and upon Completion, the Offeror will make a mandatory unconditional general offer for all the issued NSG Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the Latest Practicable Date, there were no outstanding warrants, options, derivatives or convertible securities issued by NSG which might confer any rights to the holder(s) thereof to subscribe for, convert or exchange into NSG Shares.

Principal terms of the Offer

Subject to and upon Completion, CCBI Capital will, on behalf of the Offeror and in compliance with the Takeovers Code, make a mandatory unconditional general offer for all the issued NSG Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the Composite Offer Document to be issued in accordance with the Takeovers Code on the following basis:

(a) Share Alternative:

For each Offer Share . . . . one (1) new Share; or

(b) Cash Alternative:

For each Offer Share . . . . HK$0.435 in cash

The Offer will be extended to all NSG Independent Shareholders in accordance with the Takeovers Code. The NSG Independent Shareholders may elect to accept the Share Alternative or the Cash Alternative at their discretion. The NSG Independent Shareholders may elect to accept the Offer partly for the Share Alternative and partly for the Cash Alternative.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attached thereto, including but not limited to the right to receive all dividends and distributions which may be paid, made or declared on or after the date on which the Offer is made, being the date of the posting of the Composite Offer Document.

Share Alternative

The ratio under the Share Alternative is the same as the ratio of one (1) new Share for every NSG Share sold as Sale Share by the Vendors under the Sale and Purchase Agreement.

The closing price of HK$0.435 per CGG Share on 17 January 2019 (being the Last Trading Day) represents:

(i) a premium of approximately 33.85% over the closing price of HK$0.325 per CGG Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 0.23% to the average closing price of HK$0.436 per CGG Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 3.08% over the average closing price of approximately HK$0.422 per CGG Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 9.57% over the average closing price of approximately HK$0.397 per CGG Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 55.36% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK$0.280 per CGG Share as at 31 December 2017, based on the Company's audited consolidated net asset value attributable to the owners of the Company of approximately HK$7,245,915,000 as at 31 December 2017 and 25,869,806,100 CGG Shares in issue as at the Latest Practicable Date; and

(vi) a premium of approximately 71.94% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK$0.253 per CGG Share as at 30 June 2018, based on the Company's unaudited consolidated net asset value attributable to the owners of the Company of approximately HK$6,546,237,000 as at 30 June 2018 and 25,869,806,100 CGG Shares in issue as at the Latest Practicable Date.

During the six-month period immediately prior to 17 January 2019 (being the Last Trading Day), the highest closing price per CGG Share as quoted on the Stock Exchange was HK$0.48 on 23 July 2018, 31 July 2018 and 31 December 2018, and the lowest closing price per CGG Share as quoted on the Stock Exchange was HK$0.32 on 30 October 2018 and 31 October 2018.

The actual number of new CGG Shares for allotment and issuance as Share Alternative under the Offer will be determined on the last day for acceptance of the Offer but in any event shall be not more than 1,484,027,056 CGG Shares, representing approximately 5.74% of the issued share capital of the Company as at the Latest Practicable Date and approximately 5.14% of the enlarged issue share capital of the Company of 28,862,338,767 CGG Shares (as enlarged by the issue of the Consideration Shares to the Vendors pursuant to the Sale and Purchase Agreement and the maximum number of CGG Shares to be issued pursuant to the Share Alternative), assuming there is no other change in the issued share capital of the Company and all NSG Independent Shareholders (including Mr. Zhang Xiaodong in respect of the 675,000 NSG Shares retained by him at Completion that will be subject to the Offer, as the case may be), and taking into account 675,000 NSG Shares to be retained by Mr. Zhang Xiaodong at Completion which will be subject to the Offer (as the case may be) have accepted the Offer and elected for the Share Alternative. Based on the par value of HK$0.10 per CGG Share, the 1,484,027,056 CGG Shares have an aggregate nominal value of HK$148,402,705.60.

The CGG Shares to be issued in satisfaction of the Share Alternative pursuant to the Offer will be issued and credited as fully paid and will rank equally with the existing CGG Shares at the date of issue and are expected to be issued under the specific mandate to be sought at the EGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the CGG Shares to be issued in satisfaction of the Share Alternative on the Stock Exchange.

Cash Alternative

The cash consideration per Offer Share under the Cash Alternative is HK$0.435 per Offer Share, which is based on the weighted average traded price of board lots of CGG Shares on the date of the Sale and Purchase Agreement.

The cash consideration of HK$0.435 per Offer Share under the Cash Alternative represents:

(i) a discount of approximately 14.71% to the closing price of HK$0.51 per NSG Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 3.57% over the closing price of HK$0.420 per NSG Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a premium of approximately 4.32% over the average closing price of HK$0.417 per NSG Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 0.23% to the average closing price of approximately HK$0.436 per NSG Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 17.77% to the average closing price of approximately HK$0.529 per NSG Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

(vi) a premium of approximately 0.46% over the audited consolidated net asset value attributable to the owners of NSG of approximately HK$0.433 per NSG Share as at 31 December 2017, based on NSG's audited consolidated net asset value attributable to the owners of NSG of approximately HK$1,759,462,000 as at 31 December 2017 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date; and

(vii) a discount of approximately 39.08% to the unaudited consolidated net asset value attributable to the owners of NSG of approximately HK$0.714 per NSG Share as at 30 June 2018, based on NSG's unaudited consolidated net asset value attributable to the owners of NSG of approximately HK$2,900,166,000 as at 30 June 2018 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date.

During the six-month period immediately prior to 17 January 2019 (being the Last Trading Day), the highest closing price per NSG Share as quoted on the Stock Exchange was HK$0.76 on 17 July 2018, 19 July 2018 and 20 July 2018, and the lowest closing price per NSG Share as quoted on the Stock Exchange was HK$0.285 on 27 November 2018.

Total value of the Offer

As at the Latest Practicable Date, NSG had 4,059,556,212 NSG Shares in issue. If 120,967,742 new NSG Shares are issued by NSG as Yue Jin Retained Shares pursuant to the Yue Jin Agreement before Completion, there will be 4,180,523,954 NSG Shares in issue. Subject to and upon Completion, and on the basis that Mr. Zhang Xiaodong will only deliver 800,000 NSG Shares to the Offeror at Completion (as the case may be), the Offeror Concert Group will hold in aggregate 2,696,496,898 NSG Shares upon Completion. As such, up to 1,484,027,056 NSG Shares (including 675,000 NSG Shares that will be retained by Mr. Zhang Xiaodong, as the case may be) will be subject to the Offer.

NSG has no other outstanding shares, options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into NSG Shares.

Assuming that there is no other change in the issued share capital of NSG from the Latest Practicable Date up to the Closing Date, based on the cash consideration of HK$0.435 per Offer Share under the Cash Alternative and 1,484,027,056 NSG Shares being subject to the Offer, if all NSG Independent Shareholders accept the Offer and elect for the Cash Alternative, the amount of cash required for the Offer is approximately HK$645,551,769.

Assuming that there is no other change in the issued share capital of NSG from the Latest Practicable Date up to the Closing Date and 1,484,027,056 NSG Shares being subject to the Offer, and based on the closing price of HK$0.435 per CGG Share on 17 January 2019 (being the Last Trading Day), if all NSG Independent Shareholders accept the Offer and elect for the Share Alternative, the Offer is valued at approximately HK$645,551,769.

Financial resources available to the Offeror

No cash consideration will be payable by the Offeror for the Sale Shares given that the consideration for the Sale Shares will be settled by the Offeror by procuring the Company to issue the Consideration Shares (being in aggregate up to 1,509,180,611 new CGG Shares) to the Vendors.

The Offeror intends to finance the cash consideration payable for the Cash Alternative under the Offer by its internal resources and the Facility granted by CCBI Securities, which is secured by (i) a charge over the NSG Shares currently held by the Offeror and to be acquired by the Offeror under the Sale and Purchase Agreement and the Offer which will be deposited into a margin account under the name of the Offeror opened with CCBI Securities; (ii) a charge over the NSG Shares currently held by Hong Kong Bao Da Financial Holdings Limited (a subsidiary of CGG) which has been deposited into a margin account under the name of Hong Kong Bao Da Financial Holdings Limited opened with CCBI Securities; (iii) the personal guarantee provided by Mr. Yao Jianhui in favour of CCBI Securities; and (iv) the corporate guarantee provided by CGG in favour of CCBI Securities.

CCBI Capital has been appointed as the financial adviser to the Offeror in respect of the Offer. CCBI Capital, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer.

Settlement of consideration

Cheques for cash entitlements to those who elect the Cash Alternative, and share certificates for CGG Shares for those who elect the Share Alternative, shall be paid for or despatched as soon as practicable but in any event within seven (7) business days (as defined in the Takeovers Code) of the date of receipt by the Offeror (or its agent) of duly completed and valid acceptances in respect of the Offer.

Other arrangements

As at the Latest Practicable Date, none of the Offeror nor parties acting in concert with it had received any irrevocable commitment to accept the Offer or any irrevocable undertaking from any NSG Independent Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any NSG Shares held by he/she/it/them.

Save for the consideration payable under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror and parties acting in concert with it on the one hand to the Vendors and parties acting in concert with any of them on the other hand.

SHAREHOLDING STRUCTURE OF NSG

Assuming there is no change in the issued share capital of NSG from the Latest Practicable Date up to the Closing Date other than the issuance of Yue Jin Retained Shares pursuant to the Yue Jin Agreement (if any), and on the basis that Mr. Zhang Xiaodong will only deliver 800,000 NSG Shares to the Offeror at Completion (as the case may be), the table below sets out the shareholding structure of NSG (i) as at the Latest Practicable Date; (ii) upon Completion but before the Offer is made (assuming no Yue Jin Retained Share is issued); and (iii) upon Completion but before the Offer is made (assuming 120,967,742 Yue Jin Retained Shares are issued):

Shareholders	**As at the Latest Practicable Date**		**Immediately upon Completion but before the Offer is made (assuming no Yue Jin Retained Share is issued)**		**Immediately upon Completion but before the Offer is made (assuming 120,967,742 Yue Jin Retained Shares are issued)**	
	Number of NSG Shares	*Approximate %*	*Number of NSG Shares*	*Approximate %*	*Number of NSG Shares*	*Approximate %*
The Vendors						
Mr. Zhang Xiaodong	1,475,000	0.04	675,000	0.02	675,000	0.02
Upright Hoist Limited *(Note 1)*	758,558,639	18.69	—	—	—	—
Tengyue Limited *(Note 2)*	749,146,972	18.45	—	—	—	—
Sub-total of the Vendors	1,509,180,611	37.18	675,000	0.02	675,000	0.02
The Offeror Concert Group						
The Offeror *(Note 3)*	19,870,000	0.49	1,528,375,611	37.65	1,528,375,611	36.56
Hong Kong Bao Da Financial Holdings Limited *(Note 3)*	1,144,151,739	28.18	1,144,151,739	28.18	1,144,151,739	27.37
China Goldjoy Securities Limited *(Note 3)*	21,129,048	0.52	21,129,048	0.52	21,129,048	0.51
Mr. Yao Jianhui *(Note 4)*	1,314,000	0.03	1,314,000	0.03	1,314,000	0.03
Mr. Li Minbin *(Note 5)*	306,500	0.01	306,500	0.01	306,500	0.01
Mr. Zhang Chi *(Note 6)*	1,220,000	0.03	1,220,000	0.03	1,220,000	0.03
Sub-total of the Offeror Concert Group	1,187,991,287	29.26	2,696,496,898	66.42	2,696,496,898	64.50
Public shareholders	1,362,384,314	33.56	1,362,384,314	33.56	1,483,352,056	35.48
Total	**4,059,556,212**	**100**	**4,059,556,212**	**100**	**4,180,523,954**	**100**

Notes:

1. Upright Hoist Limited is wholly-owned by Mr. Zhang Xiaodong, an executive director and the vice chairman of NSG. He is deemed to be interested in all the NSG Shares held by Upright Hoist Limited by virtue of the SFO.

2. Tengyue Limited is wholly-owned by Mr. Wu Teng, a non-executive director of NSG. He is deemed to be interested in all the NSG Shares held by Tengyue Limited by virtue of the SFO.

3. Each of the Offeror and Hong Kong Bao Da Financial Holdings Limited is a wholly-owned subsidiary of the Company and China Goldjoy Securities Limited is a non-wholly owned subsidiary of the Company in which the Company holds 77.6% effective interest.

4. Mr. Yao Jianhui is an executive director and the chairman of NSG and is also an executive director, the chairman and chief executive officer of the Company. He is also a controlling shareholder (as defined under the Listing Rules) of the Company. He is deemed to be interested in all the NSG Shares held by the Offeror, Hong Kong Bao Da Financial Holdings Limited and China Goldjoy Securities Limited by virtue of the SFO.

5. Mr. Li Minbin is an executive director of NSG and is also an executive director of the Company.

6. Mr. Zhang Chi is an executive director of the Company.

7. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had an authorized share capital of HK$50,000,000,000 divided into 500,000,000,000 shares of HK$0.10 each.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Closing Date other than the issuance of the Consideration Shares to the Vendors pursuant to the Sale and Purchase Agreement and the new CGG Shares to satisfy the Share Alternative under the Offer, and on the basis that Mr. Zhang Xiaodong will only deliver 800,000 NSG Shares to the Offeror at Completion (as the case may be), the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) upon Completion but before the Offer is made, and (iii) upon completion of the Offer (assuming 120,967,742 Yue Jin Retained Share are issued and all NSG Independent Shareholders validly elect to accept the Offer and opt for the Share Alternative, and a maximum of 1,484,027,056 new CGG Shares may thereby fall to be issued):

Shareholders	**As at the Latest Practicable Date**		**Immediately upon Completion but before the Offer is made**		**Immediately upon completion of the Offer**	
	Number of CGG Shares	*Approximate %*	*Number of CGG Shares*	*Approximate %*	*Number of CGG Shares*	*Approximate %*
Directors and substantial shareholders of CGG						
Mr. Yao Jianhui *(Note 1)*	44,468,000	0.17	44,468,000	0.16	44,468,000	0.15
Tinmark Development Limited *(Note 1)*	10,794,943,600	41.73	10,794,943,600	39.43	10,794,943,600	37.40
Qian Hai Life Insurance Co., Ltd.* (前海人壽保險股份有限公司)	4,219,560,000	16.31	4,219,560,000	15.41	4,219,560,000	14.62
Sub-total of directors and substantial shareholders of CGG	15,058,971,600	58.21	15,058,971,600	55.00	15,058,971,600	52.18
The Vendors						
Mr. Zhang Xiaodong *(Note 2)*	—	—	800,000	0.003	1,475,000	0.005
Upright Hoist Limited *(Note 3)*	—	—	758,558,639	2.77	758,558,639	2.63
Tengyue Limited *(Note 4)*	—	—	749,146,972	2.74	749,146,972	2.60
Sub-total of the Vendors	—	—	1,508,505,511	5.51	1,509,180,611	5.23
Public shareholders	10,810,834,500	41.79	10,810,834,500	39.49	12,294,186,556	42.60
Total	**25,869,806,100**	**100**	**27,378,311,711**	**100**	**28,862,338,767**	**100**

Notes:

1. Mr. Yao Jianhui is an executive director, the chairman and chief executive officer of the Company and is also an executive director and the chairman of NSG. He is interested in the entire issued share capital of Tinmark Development Limited, a company incorporated in the British Virgin Islands with limited liability. He is deemed to be interested in all the CGG Shares held by Tinmark Development Limited by virtue of the SFO.

2. Assuming that (i) Mr. Zhang Xiaodong will retain 675,000 NSG Shares immediately upon Completion, (ii) such 675,000 NSG Shares will be subject to the Offer, and (iii) Mr. Zhang Xiaodong will accept the Offer for such 675,000 NSG Shares and elect for the Share Alternative in full.

3. Upright Hoist Limited is wholly-owned by Mr. Zhang Xiaodong, an executive director and the vice chairman of NSG. He will be deemed to be interested in all the CGG Shares held by Upright Hoist Limited upon Completion by virtue of the SFO.

4. Tengyue Limited is wholly-owned by Mr. Wu Teng, a non-executive director of NSG. He will be deemed to be interested in all the CGG Shares held by Tengyue Limited upon Completion by virtue of the SFO.

5. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

INFORMATION OF THE NSG GROUP

NSG is a company incorporated in the Cayman Islands with limited liability, and its shares are listed on the main board of the Stock Exchange (stock code: 00299). NSG and its subsidiaries are principally engaged in property development and investment in the PRC, development of cultural sports in the PRC, trading of commodities and securities investment.

According to the published consolidated financial statements of NSG, the financial results of the NSG Group for the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2018 are as follows:

	For the year ended 31 December		**For the six months ended 30 June**
	2016	**2017**	**2018**
	(audited)	**(audited)**	**(unaudited)**
			(in HK$ '000)
Profit/(loss) before tax	(917,221)	105,388	182,820
Profit/(loss) after tax	(920,171)	101,847	146,780

The unaudited net asset value of the NSG Group as at 30 June 2018 as shown in the unaudited consolidated financial statements of NSG in its published interim report for the six months ended 30 June 2018 was HK$3,883,596,000.

Please refer to Appendix II to this circular for further information on the NSG Group with reference to the published reports of NSG.

INFORMATION OF THE OFFEROR AND THE GROUP

The Offeror is a company incorporated in Hong Kong with limited liability and principally engages in investment holding.

The Offeror is an indirect wholly-owned subsidiary of the Company. The Company is a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 01282). The Group is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development. The ultimate controlling shareholder of the Company is Mr. Yao Jianhui, who was interested in approximately 41.90% of the issued shares of the Company as at the Latest Practicable Date.

The allotment and issue of the Consideration Shares upon Completion and the allotment and issue of new CGG Shares for the Share Alternative under the Offer will not result in a change of control of the Company since Mr. Yao Jianhui will remain the ultimate controlling shareholder of the Company.

As at the Latest Practicable Date, the Company (through its subsidiaries) was interested in an aggregate of 1,185,150,787 NSG Shares, representing approximately 29.19% of the issued shares of NSG.

THE OFFEROR'S INTENTIONS IN RELATION TO THE NSG GROUP

Subject to and upon Completion, the Offeror and parties acting in concert with it will become the controlling shareholder of NSG. As at the Latest Practicable Date, the Offeror intended to continue the existing principal businesses of the NSG Group and had no intention to discontinue the employment of the employees (save for changes in the composition of the board of directors of NSG) or to dispose or re-deploy the assets of the NSG Group other than those in its ordinary course of business.

The Offeror will, following the close of the Offer, conduct a review on the business activities/operations and financial position of the NSG Group for the purpose of formulating business plans and strategies for the future business development of the NSG Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for NSG which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the NSG Group's business growth and asset base as well as broadening its income stream. As at the Latest Practicable Date, the Offeror had no plan, and had not engaged in any discussion or negotiation, on any injection of any assets or businesses into the NSG Group.

Proposed change of board composition of NSG

As at the Latest Practicable Date, the NSG Board was made up of eleven directors, comprising (i) three executive directors, namely Mr. Yao Jianhui (chairman), Mr. Zhang Xiaodong (vice chairman) and Mr. Li Minbin, (ii) four non-executive directors, namely Mr. Lau Wan Po, Mr. Wu Teng, Ms. Zhan Yushan and Mr. Chen Kaiben, and (iii) four independent non-executive directors, namely Mr. Chen Zetong, Ms. He Suying, Dr. Tang Lai Wah and Mr. Wong Chun Bong.

As at the Latest Practicable Date, the Offeror had not decided on the future composition of the board of directors of NSG. Pursuant to the terms of the Sale and Purchase Agreement, subject to and upon Completion, the Vendor Parties shall, upon request by the Offeror, procure for the written resignation as director of each existing director of NSG (other than existing directors of NSG appointed by the Company) and the other members of the NSG Group, which will take effect from such time as the Offeror deems appropriate, subject to the requirement under the Takeovers Code, the Listing Rules and applicable laws.

Any changes to the board of directors of NSG will be made in compliance with the Takeovers Code and the Listing Rules.

Maintaining the listing status of NSG

The Offeror intends NSG to remain listed on the main board of the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the NSG Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the NSG Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to NSG, being 25% of the issued NSG Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NSG Shares; or (ii) that there are insufficient NSG Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the NSG Shares.

Therefore, upon the completion of the Offer, there may be insufficient public float of the NSG Shares and the trading in the NSG Shares may be suspended until sufficient public float exists for the NSG Shares.

FINANCIAL EFFECTS OF THE COMPLETION AND THE OFFER

Upon Completion and close of the Offer, NSG will become a subsidiary of the Company and thus the assets, liabilities and financial results of NSG and its subsidiaries will be consolidated into those of the Group.

Assets and liabilities

As illustrated in the unaudited pro forma financial information as set out in Appendix III to this circular, had the Completion and close of the Offer taken place on 30 June 2018, the total assets of the Enlarged Group would increase from approximately HK$12,304 million to approximately HK$22,609 million on a pro forma basis, and the total liabilities of the Enlarged Group would increase from approximately HK$5,089 million to approximately HK$12,048 million on a pro forma basis.

The attention of the Shareholders is drawn to the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular.

Earnings

Based on the growth prospects of NSG, the Directors believe that the acquisition of NSG Shares pursuant to the Sale and Purchase Agreement and the Offer would bring good investment return to the Group and have a positive impact on the profits of the Enlarged Group.

REASONS AND BENEFITS

Among the principal business activities of the NSG Group, NSG's strategies are to focus on sports culture and property development investment in the PRC. Taking into consideration of the release by the PRC government of "Several Opinions of the State Council on Accelerating the Development of Sports Industry to Promoting Sports Consumption" (Guo Fa 2014 No. 46) in 2014 to promote the domestic sports industry and promote policies related to the sports industry, sports consumption and national fitness, the Board believes that the average annual growth rate of the domestic sports industry will reach 15% or more in the next 10 years. In addition, NSG actively utilizes its properties to seize the opportunities brought by the national policy and vigorously develops property development projects incorporating the concept of "sports and property development" by using its holding properties. The Board, therefore, believes that the value of the properties held by NSG will increase and a positive result of NSG is expected.

The Company actively carries out its property investment and development in recent years. It has been exploring suitable investment projects in the major cities and potential districts in the PRC. As the Company will become the controlling shareholder of NSG after Completion, it will have a better and faster access to the information and records possessed by NSG including but not limited to primary information regarding the property market in the PRC. Further, given that the majority of the Company's business operations under the property investment and development segment are based in the PRC and are subject to extensive supervision and regulation by the PRC government, it is expected that the Company will be more responsive to the updates on the laws, regulations and policies regarding the property market in the PRC released by the PRC authorities from time to time.

As at the Latest Practicable Date, NSG is managing several real estate projects in the PRC and has established a team of specialists containing professional expertise in the aspects of property development and management, legal and compliance, human resource management, marketing, operations, purchase of raw materials, risk management and health and safety. The Directors trust that the Company can make reference to the system adopted by NSG and apply the same with its own adjustments to its real estate projects in Shenzhen and Ganzhou.

In addition, NSG Group has built up its client base with a large number of high-net-worth clients. Given that the Company has planned to expand its financial services business to cover the provision of services to non-professional investors, advising clients on matters or transactions falling within the ambit of the Takeovers Code issued by the SFC and acting as a sponsor in initial public offerings, the Company takes the view that upon Completion and close of the Offer, a cooperation relationship will be built between the Group and NSG Group for the referral of prospective NSG clients to the Group. It is expected that the client base of the Company's financial services segment will be widened and the segment result will be improved.

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

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Sale and Purchase Agreement, when aggregated with the Previous Acquisition and the Offer, exceeds 25% but is less than 100%, the transactions contemplated under the Sale and Purchase Agreement and the Offer constitute a major transaction of the Company and are subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Given that the shares of NSG are listed on the main board of the Stock Exchange, the Company is exempted from including the accountant's report on NSG and the valuation of the property interests of NSG in this circular under Rule 4.01(3) and Rule 5.02A(3) of the Listing Rules.

THE EGM

The EGM will be convened and held for the Shareholders to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder including, without limitation, the acquisition of NSG Shares through the Offeror and the Offer and the allotment and issue of new CGG Shares as Consideration Shares and as Share Alternative under the Offer. A notice convening the EGM to be held at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong on Monday, 15 April 2019 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof (as the case may be) if they so wish.

The resolution proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Mr. Yao Jianhui is an executive director and the chairman of NSG and is also an executive director, the chairman and chief executive officer of the Company. By virtue of his overlapping executive roles in the Company and NSG, as well as his shareholding interests in NSG (details of which are set out in "SHAREHOLDING STRUCTURE OF NSG" above), Mr. Yao Jianhui is deemed to have material interest in the transactions contemplated under the Sale and Purchase Agreement and/or the Offer. As such, Mr. Yao Jianhui and his associates (as defined in the Listing Rules) are required to abstain from voting on the resolution(s) to be proposed at the EGM for approving the transactions contemplated under the Sale and Purchase Agreement and/or the Offer. As at the Latest Practicable Date, Mr. Yao Jianhui and Tinmark Development Limited (which is a company wholly-owned by him and is his associate (as defined in the Listing Rules)) were interested in 10,839,411,600 Shares (representing approximately 41.90% of the issued share capital of the Company).

To the best knowledge, information and belief of the Directors after all reasonable enquiries have been made, save for Mr. Yao Jianhui and Tinmark Development Limited, (i) no Shareholders or any of their respective associates (as defined in the Listing Rules) has any material interest in the transactions contemplated under the Sale and Purchase Agreement and/or the Offer; and (ii) no Shareholders would be required to abstain from voting on the resolution(s) to be proposed at the EGM for approving the transactions contemplated under the Sale and Purchase Agreement and/or the Offer.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the Offer are fair and reasonable and the Sale and Purchase Agreement, the Offer and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve, among other things, the Sale and Purchase Agreement, the Offer and the transactions contemplated thereunder, and the matters ancillary thereto as set out in the notice of the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2015, 2016 and 2017 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2018, together with the relevant notes thereto, are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.hk1282.com):

- pages 43 to 120 in the annual report of the Company for the year ended 31 December 2015 published on 30 March 2016;
- pages 59 to 148 in the annual report of the Company for the year ended 31 December 2016 published on 6 April 2017;
- pages 67 to 168 in the annual report of the Company for the year ended 31 December 2017 published on 10 April 2018;
- pages 6 to 53 in the interim report of the Company for the year ended 30 June 2018 published on 14 September 2018.

The management discussion and analysis of the Company for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 are disclosed in the published annual reports or interim reports (as the case may be) of the Company for the relevant period. Please also see below the links to the relevant annual reports and interim report of the Company:

- **Annual report of the Company for the year ended 31 December 2015:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0330/LTN201603301071.pdf

- **Annual report of the Company for the year ended 31 December 2016:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0406/LTN201704061409.pdf

- **Annual report of the Company for the year ended 31 December 2017:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0410/LTN20180410911.pdf

- **Interim report of the Company for the six months ended 30 June 2018:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0914/LTN20180914773.pdf

2. INDEBTEDNESS STATEMENT

(i) The Enlarged Group

Indebtedness

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had the following indebtedness:

	Notes	As at 31 January 2019 HK$'000
The Group		
Bank borrowings — secured	(1)	543,166
Bank borrowings — unsecured	(2)	54,856
Other borrowings — unsecured	(3)	498,891
Corporate bonds	(4)	174,028
Lease liabilities	(5)	11,424
		1,282,365
The NSG Group		
Bank borrowings — secured	(6)	915,528
Bank borrowings — unsecured	(7)	52,933
Other borrowings — unsecured	(8)	3,674,233
Corporate bonds	(9)	503,372
Lease liabilities	(5)	15,248
		5,161,314
The Enlarged Group — Total		6,443,679

Notes:

(1) Bank borrowings of approximately HK$433,166,000 were secured by certain properties held by the Group. Bank borrowings of HK$80,000,000 were secured by certain listed securities pledged by the customers to the Group as margin loan collateral. A bank borrowing of HK$30,000,000 was secured by a fixed deposit of the Group. Bank borrowings of approximately HK$149,185,000 were guaranteed by the Company.

(2) On 31 January 2019, the Group had unsecured import loans due to banks and an unsecured term loan due to a bank in Hong Kong with outstanding amounts of approximately HK$24,856,000 and HK$30,000,000 respectively. Borrowings of approximately HK$24,856,000 were guaranteed by the Company.

(3) The balances were unsecured, unguaranteed, bearing an interest rate of 5%, and will mature in 2020.

(4) The balances were unsecured, unguaranteed, bearing an interest rate of 5%, and will mature in 2019 and 2020.

(5) The lease liabilities were measured at the present value of the remaining lease payments, discounted using 5.125%.

(6) Bank borrowings of approximately HK$478,603,000 were secured by certain investment properties and properties under development held by the NSG Group. Bank borrowings of approximately HK$60,079,000 were secured by listed securities held by the NSG Group. Bank borrowings of approximately HK$376,846,000 were secured by certain properties under development and the entire issued share capital of a non-wholly owned subsidiary of the NSG Group. Bank borrowings of approximately HK$186,508,000 were guaranteed.

(7) On 31 January 2019, the NSG Group had unsecured loans due to a bank and financial institutions in the PRC with outstanding amounts of approximately HK$24,428,000 and HK$28,505,000 respectively. Bank borrowings of approximately HK$24,428,000 were guaranteed.

(8) The balances were unsecured and unguaranteed. The balances of approximately HK$2,786,906,000 were bearing an interest rate of 5–30% and will mature in 2019 to 2021. The balances of approximately HK$887,327,000 were interest-free with no fixed terms of repayment.

(9) The balances were unsecured, guaranteed, bearing an interest rate of 10%, and will mature in 2019.

Contingent liabilities or guarantees

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. As at 31 January 2019, guarantees amounting to HK$1,141,959,000 were given to banks with respect to loans procured by purchasers of the Group's properties. Such guarantees would terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

As at 31 January 2019, the NSG Group had issued certain guarantees to some banks in respect of banking facilities granted to an associated party of the NSG Group of a former equity holder of a subsidiary of the NSG Group. Under the guarantees, the NSG Group and the associated party were jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payments when due. The maximum liability of the NSG Group as at 31 January 2019 under guarantees was the amount of bank loans drawn under the guarantees at that date of approximately HK$341,700,000.

As at 31 January 2019, the NSG Group had issued certain guarantees to some banks in respect of banking facilities granted to associated parties of a non-controlling interest equity holder of the NSG Group. Under the guarantees, the NSG Group and the associated parties were jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entities to make payments when due. The maximum liability of the NSG Group as at 31 January 2019 under guarantees was the amount of bank loans drawn under the guarantees at that date of approximately HK$119,026,000.

(ii) General

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 January 2019, the Enlarged Group had no other: (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured; (ii) borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt; (iii) mortgages and charges; and (iv) contingent liabilities or guarantees.

3. WORKING CAPITAL SUFFICIENCY STATEMENT

Taking into account (i) the transactions contemplated under the Sale and Purchase Agreement; (ii) the Offer; (iii) the presently available financial resources including cash and cash equivalents; and (iv) the presently available facilities including, without limitation, the Facility, the Directors are of the opinion that the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Since 2015, the Group has developed a long-term plan for property investment and development. It had conducted a series of market research, studies and site visits on property projects. In 2016, the Group acquired 75.5% equity interest in a PRC company which held a piece of land with a gross floor area of approximately 120,000 square meters in the core area of Guangming New District, Shenzhen City, the PRC and a large-scale innovative science park for science enterprises and a first long-term branded apartment was successfully established in 2017.

Since the adoption of property investment and development as its principal business activity in July 2017, the Group has held two comprehensive property development projects, namely "太古城" (Taigu Plaza*) and "世紀城" (Century Plaza*) in Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC for commercial, hotel and other uses since the completion of the acquisitions of two PRC companies in December 2017 and May 2018 respectively.

As the Group expects that the Chinese Central Government will maintain a nationwide financial deleveraging policy, moderately loose monetary policy and a positive fiscal policy in 2019, it believes that the Chinese property market will grow steadily and is, therefore, optimistic of the long-term prospect of its property investment and development segment. For the current financial year, the Group will explore viable projects in major metropolitan centres and districts in the PRC such as the Greater-Bay Area, an international technology innovation hub, with free flow and integration of innovative elements and industries in the region. Besides, the Group will attempt to grasp the opportunity of land acquisition and increase the Group's premium land bank through different channels to lock in more high-return projects at low costs.

Given that NSG Group is also principally engaging in property investment and development in the PRC and majority of its assets are held under this segment, the Board believes that the Enlarged Group will benefit from the economies of scale in this business.

The unaudited consolidated pro forma financial information of the Enlarged Group illustrating the financial impact of upon Completion and close of the Offer on the assets and liabilities of the Enlarged Group is set out in Appendix III to this circular. The pro forma financial information of the Enlarged Group has been prepared for illustrative purpose only, based on the judgments and assumptions of the Board, and, due to its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group upon Completion and close of the Offer or any future date.

The Board is of the view that upon Completion and close of the Offer, NSG will become a subsidiary of the Company and therefore a positive contribution will be made to the Enlarged Group by bringing in additional source of income from NSG's principal business activities. In addition, the Group will consider to delegate the management of its existing property projects to NSG Group so that the Enlarged Group will be able to leverage on the expertise of NSG Group for handling property development and management in the PRC.

6. MATERIAL ACQUISITIONS SINCE THE DATE OF LATEST PUBLISHED AUDITED ACCOUNTS

After 31 December 2017 (being the date up to which the latest published audited accounts of the Company have been made up) and up to the Latest Practicable Date, in addition to the acquisition of NSG Shares as disclosed in the Company's announcement dated 28 November 2018, the Joint Announcement and the Update Announcement, the Group had acquired interests in the share capital of the following entities whose profits or assets may make a material contribution to the figures in the next published audited accounts of the Company. The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring companies will not be varied in consequence of these acquisitions.

(i) Landing International Development Limited ("LID")

LID is a limited liability company incorporated in the Cayman Islands and continued in Bermuda, and its shares are listed on the main board of the Stock Exchange (stock code: 00582). LID and its subsidiaries are principally engaged in development and operation of integrated leisure and entertainment resort; gaming club and entertainment facilities; and property development. The head office and principal place of business in Hong Kong of LID is situated at Suites 5801–5804, 58/F, Two International Finance Centre, No.8 Finance Street, Central, Hong Kong. Please refer to the published reports and announcements of LID for further information on LID and its subsidiaries.

As disclosed in the Company's announcements dated 5 January 2018, 28 February 2018, 6 March 2018 and 8 March 2018, the Company (through a wholly-owned subsidiary) acquired on market an aggregate of 4,890,960,000 ordinary shares of HK$0.01 each in the issued share capital of LID (representing approximately 3.33% of the issued share capital of LID at the material time) at the total consideration, excluding expenses, of approximately HK$1,614,038,500 which was settled by the internal resources of the Group.

Taking into account the capital reorganisation of LID with effect from 4 July 2018 (details of which are set out in LID's circular dated 8 June 2018 and LID's announcement dated 3 July 2018), as at the Latest Practicable Date, the Group held 138,283,200 ordinary shares of HK$0.50 each in the share capital of LID, representing approximately 4.71% of the issued share capital of LID.

(ii) Laihua Taifeng Limited* (萊華泰豐有限公司) ("LTL")

As disclosed in the Company's announcement and circular dated 23 April 2018 and 11 May 2018 respectively, the Company (through a wholly-owned subsidiary) acquired 100% equity interest in LTL at a total consideration of RMB660,000,000 which had been settled as to RMB472,000,000 in cash and as to RMB188,000,000 by way of a net off arrangement. LTL is a company established in the PRC with limited liability, principally engages in real estate property sale and development, and holds a property development project in the name of "太古城" (Taigu Plaza*) located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC for commercial, hotel and other uses. Please refer to the Company's announcement and circular dated 23 April 2018 and 11 May 2018 respectively for further details on this acquisition.

FINANCIAL INFORMATION OF THE NSG GROUP

The audited consolidated financial statements of the NSG Group for the three years ended 31 December 2015, 2016 and 2017 and the unaudited consolidated financial statements of the NSG Group for the six months ended 30 June 2018, together with the relevant notes thereto, are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.newsportsgp.com):

- pages 59 to 142 in the annual report of the Company for the year ended 31 December 2015 published on 25 April 2016;
- pages 71 to 164 in the annual report of the Company for the year ended 31 December 2016 published on 21 April 2017;
- pages 83 to 178 in the annual report of the Company for the year ended 31 December 2017 published on 16 April 2018;
- pages 10 to 51 in the interim report of the Company for the year ended 30 June 2018 published on 20 September 2018.

Please also see below the links to the relevant annual reports and interim report of NSG:

- **Annual report of the Company for the year ended 31 December 2015:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0425/LTN20160425485.pdf

- **Annual report of the Company for the year ended 31 December 2016:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0421/LTN20170421059.pdf

- **Annual report of the Company for the year ended 31 December 2017:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN201804161333.pdf

- **Interim report of the Company for the six months ended 30 June 2018:**

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0920/LTN20180920611.pdf

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE NSG GROUP

The following management discussion and analysis of the results of the NSG Group is extracted from the respective annual reports of NSG for the years ended 31 December 2015, 2016 and 2017 and the interim report of NSG for the six months ended 30 June 2018, and accordingly "the Company" and "the Group" below refers to NSG and the NSG Group respectively.

Management discussion and analysis of the results of the NSG Group for the year ended 31 December 2015 as extracted from NSG's 2015 annual report

Review of results and operations

The Group's consolidated turnover for the year ended 31 December 2015 was approximately HK$502,980,000, decreased by HK$79,912,000 or 13.7% when compared to approximately HK$582,892,000 for 2014. The decrease in consolidated turnover was mainly attributable to the disposal of the entire issued share interests in SinoCom BVI to NRI on 28 October 2015. The mobile gaming business contributed approximately HK$101,272,000 to the turnover for 2015, accounting for approximately 20.1% of the total turnover for the year. Turnover derived from the outsourcing software development business in Japan decreased from approximately HK$551,277,000 for 2014 to approximately HK$394,414,000 for 2015, representing a decrease of 28.5%. Turnover derived from outsourcing software development services in the PRC and Japan accounted for approximately 1.5% and 78.4% of the total turnover for 2015 respectively. The turnover contributed by the single largest customer accounted for approximately 52.2% and 62.5% of the total turnover for 2015 and 2014 respectively.

The Group recorded a gross profit of approximately HK$73,311,000 for the year ended 31 December 2015, representing an increase of 32.8% when compared to approximately HK$55,220,000 for 2014.The gross profit of the provision of online game services was approximately HK$45,944,000, which was mainly contributed by the online game operation.

The outsourcing software development business recorded a gross profit of approximately HK$27,367,000 for 2015, representing a significant decrease of HK$27,853,000 when compared to that for 2014. The significant decrease in gross profit was mainly attributable to the decrease in gross profit of software development in Japan by HK$27,017,000 as a result of decrease in turnover derived from the outsourcing software development business in Japan.

The Group's gross profit margin for the year ended 31 December 2015 was approximately 14.6%, increased from approximately 9.5% for 2014. Due to the increase in administrative expenses by HK$39,524,000, increase in research and development expenses by HK$13,577,000, increase in fair value loss on contingent consideration by HK$51,750,000 and interest on convertible bonds by HK$19,590,000, which are partly offset by the gain on disposal of subsidiaries of HK$76,400,000 in 2015, the Group recorded a net loss of approximately HK$66,321,000 in 2015, representing an increase in loss of HK$9,411,000 or

16.5% when compared to the net loss of approximately HK$56,910,000 recorded in 2014. The net loss mainly included the amortisation of other intangible assets of HK$52,928,000 (2014: Nil) and the fair value loss on contingent consideration of HK51,750,000. (2014: Nil).

Administrative expenses of the Group for the year ended 31 December 2015 increased to approximately HK$132,209,000, representing an increase of approximately 42.6% when compared to approximately HK$92,685,000 for 2014. The increase in administrative expenses is attributable to the increase in share-based payments to consultants by HK$31,548,000 (2014: Nil).

Operating loss decreased from approximately HK$45,648,000 for 2014 to approximately HK$31,503,000 for 2015, representing a decrease in loss of 31.0%.

The Group's income tax expense for the year ended 31 December 2015 was approximately HK$15,228,000 whereas that for 2014 was approximately HK$10,921,000, representing an increase of HK$4,307,000.

Net loss attributable to owners of the Company was approximately HK$76,401,000 whereas that for 2014 was approximately HK$56,799,000.

The following table is prepared by extracting certain information from the consolidated financial statements to illustrate the impact of certain significant non-cash items to the financial results of the Company during the year ended 31 December 2015:

	2015	**2014**
	HK$'000	*HK$'000*
Loss for the year	(66,321)	(56,910)
Significant non-cash items		
Amortisation of other intangible assets resulted from the acquisition of Kaixin Jiuhao on 30 January 2015[(1)]	52,928	—
Fair value loss on contingent consideration[(2)]	51,750	—
Share-based payments to consultants resulted from the grant of share options	31,548	—
Share-based payments to directors resulted from the grant of share options	27,383	—
Profit/(loss) for the year before major non-cach items	97,288	(56,910)

(1) Other intangible assets acquired were amortised over the estimated useful lives of 1–5 years.

(2) Loss on contingent consideration represents the increase in fair value of the shares to be issued for the acquisition of Kaixin Jiuhao pursuant to the Share Purchase Agreement signed on 10 December 2014.

Significant loss incurred for the year ended 31 December 2015 by the Company was mainly attributable to certain significant non-cash items including (1) the amortisation of other intangible assets and fair value loss on contingent consideration that resulted from the acquisition of Kaixin Jiuhao; and (2) share-based payment expenses recognized during the period in relation to the share options granted to the directors and consultants. The total value of the above non-cash items amounted to HK$163,609,000 were generated from the valuations and recognized in accordance with relevant HKAS. If these effects are excluded, the profit of the Company is HK$97,288,000 for the year ended 31 December 2015.

Liquidity and financial resources

Since inception, the Group has mainly funded its operations through equity funding and operating cash flow. The Group managed to maintain this strong cash generating capability for the year ended 31 December 2015, with the net proceeds from the issue of convertible bonds and new shares amounting to HK$291,770,000 and HK$170,339,000 respectively. As at 31 December 2015, the Company maintained a high level of cash and bank balances and term deposits with initial terms of over three months of approximately HK$419,212,000 and obtained a bank borrowing of approximately HK$21,485,000 as at year ended date.

Share capital

(a) Pursuant to an ordinary resolution passed on 15 September 2015, each ordinary share of HK$0.025 each in the issued and unissued share capital of the Company were subdivided into ten ordinary shares of HK$0.0025 each in the issued and unissued share capital of the Company.

(b) During the year, 9,480,000 ordinary shares of HK$0.025 each were issued before share subdivision in relation to share options exercised under the 2004 share option scheme of the Company at the exercise price of HK$1.3875 and HK$1.36 respectively for a total cash consideration of HK$13,010,000. The exercise of the subscription consideration received over the nominal values issued, which amounted to HK$12,773,000, was credited to the share premium account.

(c) On 30 October 2015, the Company issued a total of 40,000,000 conversion shares to bondholder at the conversion price of HK$0.25 per conversion share after the share subdivision.

(d) On 11 November 2015, the Company entered into a placing agreement in respect of the placement of 670,000,000 ordinary shares of HK$0.0025 each to an independent investor at a price of HK$0.236 per share. The placement was completed on 19 November 2015 and the premium on the issue of shares, amounting to approximately HK$155,654,000, net of share issue expenses of HK$791,000, was credited to the Company's share premium account. The Company issued and allotted 670,000,000 new shares on 19 November 2015.

(e) On 31 December 2015, completion of the acquisition of Kingworld Holdings took place, and pursuant to the sale and purchase agreement, the Company issued 650,000,000 consideration shares of HK$0.0025 each to the vendor of Kingworld Holdings as a settlement of the consideration for the acquisition of Kingworld Holdings. The fair value of 650,000,000 new shares was HK$146,900,000, based on the bid price (HK$0.226 per consideration share) at 31 December 2015.

Funding purpose

By raising additional capital through issuance of new convertible bonds and new shares, the proceed of the additional fund is used for general working capital and further development of mobile gaming and sports-related mobile applications businesses.

Share options

(a) 2004 Share Option Scheme (the "Old Share Option Scheme")

The Old Share Option Scheme was adopted on 2 April 2004 and terminated with effect from 26 March 2014. However, the outstanding options granted under the Old Share Option Scheme remain to be exercisable in accordance with its terms. As at 31 December 2015, all the outstanding share options under the Old Share Option Scheme are either lapsed or fully exercised by the grantees (31 December 2014: 10,080,000, representing 0.77% of the total number of issued shares of the Company as at that date). No share option was outstanding under the Old Share Option Scheme.

(b) 2014 Share Option Scheme (the "New Share Option Scheme")

The New Share Option Scheme was adopted on 26 March 2014. As at 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding was 622,000,000 after share subdivision, representing 4.26% of the total number of issued shares of the Company.

Pledge of assets

As at 31 December 2015, the Group had no pledged asset.

Employee and remuneration policies

The Group had 182 full time staff as at 31 December 2015 (2014: 1,517), representing a decrease of 88.0%. The decrease in head counts was mainly attributable to the disposal of the entire issued share interests in SinoCom BVI to NRI on 28 October 2015. Most of our staff were engineers stationed in China. Their remuneration, promotion and salary review were assessed based on their respective job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group maintained social insurance schemes for retirement, unemployment, work injury and hospitalisation for all of its employees in China and a housing provident fund system has also been implemented for its employees in China. Employees in Japan have been enrolled under the pension fund scheme and the health care plan as required by Japanese law.

Foreign exchange and currency risks

Since most of the Group's revenue was generated from the provision of outsourcing software development services in Japan, and was denominated in JPY while expenses were settled in RMB, any depreciation of JPY against RMB would reduce the Group's income denominated in HKD and have an adverse impact on the profitability of the Group. The management is of the view that there is no effective hedging tool suitable to reduce this exchange rate exposure.

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Capital commitments

The Group's capital commitments at the end of the reporting period are as follows:

	2015	**2014**
	HK$'000	*HK$'000*
Contracted but not provided for:		
Property, plant and equipment	1,000	—
Acquisition of Heroic Coronet	—	60,000
Acquisition of Kingworld Holdings	—	315,000
Acquisition of Hangzhou Zhiwan Network Co., Ltd	—	103,000
	1,000	478,000

In respect of the acquisition of Heroic Coronet, HK$60,000,000 of the consideration will be settled by the Company's shares ("Consideration Shares"). The Company will issue the Consideration Shares under a specific mandate to be obtained at an extraordinary general meeting to be convened by the Company to consider and approve the specific mandate. The Consideration Shares shall, upon issuance, rank pari passu in all respects with the shares in issue.

Management discussion and analysis of the results of the NSG Group for the year ended 31 December 2016 as extracted from NSG's 2016 annual report

Review of results and operations

The Group's consolidated turnover for the year ended 31 December 2016 was approximately HK$155,207,000, decreased by HK$347,773,000 or 69% when compared to approximately HK$502,980,000 for 2015. The decrease was mainly attributable to the operation of software development in Japan market was downsizing since late 2015, which accounted for 78% of total turnover for 2015.

With higher gross profit margin generated from the online games business newly acquired on late 2015, the Group's gross profit margin increased from approximately 14.6% for 2015 to approximately 29.7% for the year. However, the Group recorded a gross profit of approximately HK$46,139,000 for the year ended 31 December 2016, representing a decrease of 37% when compared to approximately HK$73,311,000 for 2015.The gross profit of the provision of online game services was approximately HK$68,748,000, which was mainly contributed by the online game operation. The outsourcing software development business recorded a gross profit of approximately HK$528,000 for 2016, representing a significant decrease of HK$26,839,000 when compared to that for 2015. The significant decrease in gross profit was mainly due to the operation of software development in Japan market was downsizing and the operation of football club contribute a gross loss of HK$22,830,000 for 2016.

Administrative expenses of the Group for the year ended 31 December 2016 decreased to approximately HK$78,124,000, representing a decrease of approximately 41% when compared to approximately HK$132,209,000 for 2015. The decrease in administrative expenses is attributable to the decrease in share-based payments to consultants by HK$28,488,000. Operating loss of approximately HK$708,722,000 was recorded for the year when compared with the operating loss of approximately HK$31,503,000 for 2015.

Due to the increase in research and development expenses by HK$22,544,000, and the recognition of impairment on goodwill and other intangible assets, amounting to HK$560,709,000 and HK$108,659,000 respectively, which are partly offset by the fair value gain on contingent consideration receivable from acquisitions of Kingworld Holdings of HK$45,841,000, the Group recorded net loss of approximately HK$920,171,000 (including amount of HK$147,568,000 loss for the year from discontinued operation) for the year, when compared with the net loss of approximately HK$66,321,000 for 2015.

Liquidity and financial resources

Since inception, the Group has mainly funded its operations through equity funding and operating cash flow. The Group managed to maintain this strong cash generating capability for the year ended 31 December 2016, with issue of new shares amounting to HK$1,395,698,000. As at 31 December 2016, the Company maintained a high level of cash and bank balances approximately HK$473,499,000 (31 December 2015: HK$419,212,000), representing an increase of HK$54,287,000, which mainly due to placement and subscription of new shares as well as increase in the amount of borrowings.

As at 31 December 2016, our total borrowings amounted approximately to HK$127,851,000 (31 December 2015: HK$21,485,000), representing an increase of HK$106,366,000 as compared with that as at 31 December 2015. The carrying amounts of the Group's borrowings are denominated in HKD and RMB and arranged at fixed interest rates and expose the Group to fair value interest rate risk. The gearing ratio (which is calculated by dividing total debts (including borrowings and convertible bonds) by total assets) was 0.137 (as at 31 December 2015: 0.175).

Share capital

(a) On 31 March 2016, completion of the acquisition of Heroic Coronet Limited took place, and pursuant to the sale and purchase agreement, the Company issued 750,000,000 consideration shares of HK$0.0025 each to the vendor of Heroic Coronet Limited as settlement of the consideration for the acquisition of Heroic Coronet Limited. The fair value of 750,000,000 new shares was HK$150,000,000, based on the bid price (HK$0.2 per consideration share) on 31 March 2016.

(b) Pursuant to an ordinary resolution passed on 19 December 2016, the authorised share capital of the Company were increased from HK$100,000,000 divided into 40,000,000,000 ordinary shares of HK$0.0025 each to HK$200,000,000 divided into 80,000,000,000 ordinary shares by the creation of an additional 40,000,000,000 new ordinary shares of HK$0.0025 each.

(c) On 28 December 2016, completion of the acquisition of Yue Jin Asia Limited took place, and pursuant to the sale and purchase agreement, the Company issued 2,419,354,838, ordinary shares of HK$0.0025 each to the vendor of Yue Jin Asia Limited as settlement of the consideration for the acquisition of Yue Jin Asia Limited. The fair value of 2,419,354,838 new shares was HK$239,516,000, based on the bid price (HK$0.099 per consideration share) on 28 December 2016.

(d) On 19 September 2016, the Company entered into four subscription agreements in respect of the subscription of 12,181,629,000 ordinary shares of HK$0.0025 each to Origin Development Limited, Crystal Fount Investments Limited, Ms. Ai Qing and Ms. Zheng Kuanjian respectively at a price of HK$0.062 per share. The subscriptions were completed on 28 December 2016 and the premium on the issue of shares, amounting to approximately HK$724,807,000, was credited to the Company's share premium account. The Company issued and allotted 12,181,629,000 new shares on 28 December 2016.

(e) On 19 September 2016, the Company entered into a placing agreement in respect of the placement of 4,088,000,000 ordinary shares of HK$0.0025 each to not less than six independent investors at a price of HK$0.062 per share. The placement was completed on 30 December 2016 and the premium on the issue of shares, amounting to approximately HK$240,701,000, net of share issue expenses of HK$2,535,000, was credited to the Company's share premium account. The Company issued and allotted 4,088,000,000 new shares on 30 December 2016.

Funding purpose

By raising additional capital through issuance of corporate bonds and new shares, the proceeds of the additional fund are used for acquisition of Yue Jin Asia Limited, general working capital and further development of sports-related mobile applications businesses.

Share options

2014 Share Option Scheme (the "Share Option Scheme")

The Share Option Scheme was adopted on 26 March 2014. As at 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding was 200,000,000 after share subdivision, representing 0.59% of the total number of issued shares of the Company.

Pledge of assets

As at 31 December 2016, other borrowings of HK$15,000,000 are secured by a share charge over the entire issued capital of a wholly-owned subsidiary.

Employee and remuneration policies

The Group had 215 full time staff as at 31 December 2016 (2015: 182). Most of our staff was stationed in China. Their remuneration, promotion and salary review were assessed based on their respective job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group maintained social insurance schemes for retirement, unemployment, personal injury and hospitalisation for all of its employees in China and a housing provident fund system has also been implemented for its employees in China.

Foreign exchange and currency risks

Since most of the Group's revenue and expenses was generated from online games service in the PRC, and was denominated in Renminbi. During the Period, the Group had not hedged its foreign exchange risk because the exposure is considered not significant. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Contingent liabilities

As at 31 December 2016, the Group had no material contingent liabilities (2015: Nil).

Capital commitments

As at 31 December 2016, the Group's capital commitment was approximately HK$2,557,000 (31 December 2015: HK$1,000,000) in respect of the purchase of property, plant and equipment.

Management discussion and analysis of the results of the NSG Group for the year ended 31 December 2017 as extracted from NSG's 2017 annual report

Review of results and operations

During the year ended 31 December 2017 (the ''Year''), the Group achieved approximately HK$191,519,000 in revenue, representing an increase of approximately 23.4% from that of approximately HK$155,207,000 for 2016. The significant increase in revenue was mainly attributable to the contribution of the revenue derived from the operation of marine sports base and sailing school which was acquired in December 2016 and the trading of commodities which was recently introduced by the Group in 2017.

During the Year, the gross loss was approximately HK$42,772,000, comparing to the gross profit of approximately HK$46,139,000 for 2016. The overall gross profit ratio of approximately 29.7% became gross loss ratio of approximately 22.3%. The substantial decrease was mainly due to the decrease in revenue in mobile gaming industry for the Year.

Besides, with respect to the operation of a yacht club and provision of training services, a gross loss resulted from the inclusion of the non-cash amortisation expense of other intangible assets of approximately HK$61,388,000 into cost of sales.

During the Year, the Group's distribution costs amounted to approximately HK$7,473,000 (2016: approximately HK$3,839,000), representing an increase of approximately 94.7%. The increase was mainly derived from pre-sales of properties by real estate and property investment business which was newly introduced by the Group. The administrative expenses amounted to approximately HK$61,231,000 (2016: approximately HK$78,124,000) and research and development expenses amounted to approximately HK$1,178,000 (2016: approximately HK$36,121,000), representing a decrease of approximately 21.6% and 96.7% respectively when compared with the same period of last year. The decrease was mainly attributable to the Group's effective cost control measures.

During the Year, securities investment business was newly exploited by the Group, and was considered as an ordinary and usual course of business. The Group's investments in the listed shares were recorded as financial assets at fair value through profit or loss in the consolidated balance sheet where the fair value gain for the year ended 31 December 2017 was approximately HK$8,972,000.

Substantial impairment for goodwill and other intangible assets of operation of software development in the PRC amounted to HK$75,263,000 and HK$19,996,000 respectively based on valuation of fair value changes in relevant businesses.

Besides, a fair value gain of approximately HK$161,199,000 resulted from the adjustment on contingent consideration payable in relation to the acquisition of Yue Jin Asia Limited with reference to the projected financial performance of Yue Jin Asia Limited for the year ending 31 December 2018.

Certain discontinued entities of our software development and P2P internet financing business with net liabilities were disposed of by the Group during the Year, which resulted in a one-time disposal gain of subsidiaries amounting to approximately HK$155,213,000, which comprises of gain on disposal of subsidiaries of approximately HK$158,813,000 and loss on disposal of a subsidiary of approximately HK$3,600,000 recognised in the consolidated statement of profit or loss. Income tax expense for the Year was approximately HK$3,541,000 as compared with an income tax expense for the same period of 2016 of approximately HK$2,950,000.

As a result of the above-mentioned factors, the Group recorded net profit of approximately HK$101,847,000 for the Year, as compared with the net loss of approximately HK$920,171,000 for 2016.

Liquidity and financial resources

As at 31 December 2017, the Group had bank and cash balances of approximately HK$327,249,000 (31 December 2016: approximately HK$473,499,000).

As at 31 December 2017, total borrowings of the Group amounted to approximately HK$1,492,657,000, of which equivalents of approximately HK$212,506,000 and approximately HK$1,280,151,000 are denominated in Hong Kong dollar and Renminbi respectively. The borrowings included corporate bond of approximately HK$137,126,000, pledged loan of approximately HK$75,380,000 and other unsecured borrowing of approximately HK$1,280,151,000. All loans bore fixed interest rates and exposed the Group to fair value interest rate risk. As at 31 December 2017, the gearing ratio of the Group was approximately 0.627 (31 December 2016: approximately 0.229), which is calculated based on the total debt (summation of borrowings and convertible bonds) divided by total equity as at the respective reporting date.

As at 31 December 2017, the Group had net current assets of approximately HK$1,037,993,000, as compared with balance of approximately HK$407,313,000 as at 31 December 2016.

Capital expenditure

The total spending on the acquisition of property, plant and equipment amounted to approximately HK$16,513,000 for the Year (2016: approximately HK$1,494,000).

Charge of assets

As at 31 December 2017, certain listed equity securities in Hong Kong with an aggregate carrying value of approximately HK$124,200,000 were pledged to secure the relevant loans amounting to HK$75,380,000. The carrying amount of properties for sale under development and a share charge over the entire issued capital of a wholly-owned subsidiary of the Group are pledged as security for banking facilities granted to a subsidiary of the Group amounted to approximately HK$1,221,773,000. As at 31 December 2016, other borrowings of HK$15,000,000 are secured by a share charge over the entire issued capital of a wholly-owned subsidiary of the Group and was repaid in full on 9 January 2017.

Employee and remuneration policies

The Group had 241 full time staff as at 31 December 2017 (2016: 215) in Hong Kong and the PRC. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees. The staff costs incurred for the Year were approximately HK$44,945,000 (2016: approximately HK$62,477,000).

Foreign exchange and currency risks

Most of the Group's revenue and expenses were generated from the PRC, and were denominated in Renminbi. During the Year, the Group had not hedged its foreign exchange risk because the exposure was considered insignificant. Our management will continue to monitor our foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

Share capital

Pursuant to an ordinary resolution passed on 20 December 2017, every twenty (20) ordinary shares of HK$0.0025 each in the issue and unissued share capital of the Company were consolidated into one (1) ordinary share of HK$0.05 each in the issued and unissued share capital of the Company with effect on 21 December 2017.

On 4 December 2017, the Company entered into a subscription agreement in respect of Tengyue Limited's subscription of 340,521,351 ordinary shares of HK$0.05 each at a price of HK$0.55 per share. The subscription was completed on 21 December 2017 and the premium on the issue of shares, amounting to approximately HK$170,261,000 was credited to the Company's share premium account. The Company issued and allotted 340,521,351 new shares on the same day.

The net proceeds, after deduction of relevant expenses, from the subscription is approximately HK$187,087,000.

By raising additional capital through issuance of new shares, the proceeds are used for the settlement of part of the outstanding balance of the consideration for the acquisition of Shenzhen Borui.

Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities (2016: Nil).

Capital commitments

As at 31 December 2017, the Group's capital commitment was approximately HK$3,201,149,000 (2016: approximately HK$2,557,000) in respect of the purchase of property, plant and equipment and inventories amounted of approximately HK$5,198,000 and HK$3,195,951,000 respectively.

Share options

2014 Share Option Scheme was adopted on 26 March 2014. As at 31 December 2017, the number of shares in respect of which options had been granted and remained outstanding was nil.

Final dividend

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2017 (2016: Nil).

Management discussion and analysis of the results of the NSG Group for the six months ended 30 June 2018 as extracted from NSG's 2018 interim report

Industry and market overview

The growth of the global economy witnessed the broadest acceleration in 2017, however, the momentum of economic recovery has begun to lose its steam in early 2018. Meanwhile, the development of the Chinese economy also entered into a critical stage of transition in development mode, optimization of economic structure and change in growth forces. Nevertheless, the sports industry in China will be able to maintain a faster growth track in the coming decade or beyond, emerging as a pillar industry and making a greater contribution to the national economy. On another front, the real estate industry in China has entered into a new stage of development in the first half of 2018, of which the irrational demand continued to be forcefully suppressed while the medium to long term supply structure became the focus of adjustment.

China has spared no effort in promoting and supporting the development of the sports industry in recently years. The General Administration of Sport of China promulgated the 13th Five-Year Plan for Sports Industry Development in 2016, (the "13th Five-Year Plan"), stating that the sports industry in China should have a total industrial value exceeding RMB3 trillion by 2020 with over 6 million practitioners. The added value of the sports industry should account for 1% of the gross domestic product (the GDP) and the sports service sector's added value should contribute over 30%. The development of competition performance, leisure fitness, stadium service, sports intermediary, sports training, sports media, sports goods and sports lotteries should be placed in priority. Since then, the development of the sports industry in China has been flourishing, with mid-range to high-end sports such as diving, camping, sailing, mountaineering, canoe/kayak and golf beginning to witness accelerated growth. On top of this, demand for sports training has surged rapidly, mainly including various types of activities such as extracurricular training for children and youth, as well as outdoor team building, development and training for adults.

In the first half of 2018, irrational demand continued to be forcefully suppressed as part of the real estate policy regulatory measures in China, with the stance of "flats are built for dwelling, not for speculation" strongly adhered to and differentiated regulatory measures further implemented. In addition, emphasis was placed on increasing and putting into practice "effective supply" to solve the mismatch in demand and supply structure by focusing on the "supply-side" under which planning for residential housing development, medium to long term plans for land supply, and expansion of the proportion of affordable housing and public rental housing under policy support were successively implemented in major cities. Channels were also expanded in terms of land supply, project development and housing stock to further ensure "effective supply". From the long-term perspective, the forceful regulation targeted at the real estate market by the government should be beneficial for the sound and sustainable development of the real estate market in China. Through the dual-pronged approach of regulation of short-term demand (suppressing irrational demand) and medium to long term supply-side reform (ensuring effective supply), the real estate market in China should be back on the right track.

Reforms bring opportunities. The forceful regulation of the real estate market in China will certainly bring about a reshuffle of market dynamics, and the phenomenon of "the strong becoming even stronger" will mark the beginning of the 2.0 era of the real estate industry in China. Under the impact of the regulation by national policies and changes in the market, only property development enterprises highly resilient to risks can maintain a foothold and at the same time take over the quality resources of losers at a low cost on an ongoing basis to reinforce their capabilities and become even stronger. Looking ahead, the volatile dynamics of the trade war between China and the United States may become a common scene for the second half year of 2018. Weaker overseas demand will put pressure on the economy of China, and monetary policy is likely to remain neutral. Stronger coordination between tight credit policy and loose monetary policy will bring market liquidity. It is expected that the market will progressively restore rationality with the longer short-term regulation cycle, more precise policy-making based on the unique circumstances of each municipality and more forceful regulation of the real estate sector. In the second half of the year, it is anticipated that the sale of commodity housing will be scaled down nationwide accordingly. Benefiting from the more balanced overall demand and supply, selling price will tend to level off and investment in new construction and development projects of commodity housing will continue to grow steadily.

New Sports Group Limited (the "Company") and its subsidiaries (the "Group") believe that the year of 2018 signifies a "year of further refinement", during which the Group will see property investment and development as its strategic focus, as well as its core business focus, by doing broader and deeper research on the latest national real estate policies, catering for market changes and grasping opportunities for reform. Meanwhile, using sports culture as a driving force, the Group will strive to consolidate fundamental business and continue to explore new business development opportunities concentrating on mid-range and high-end sports projects, such as sports training and leisure sports. The Group considers that greater resource allocation for heavy assets like property investment and development can significantly boost its core competitiveness and overall future revenue, while innovative development of the cultural sports industry can enhance its brand influence and lay a foundation for multi-faceted development of its industries.

Business review

Cultural Sports

New Sports Marine Sports Centre ("Sports Centre") and New Sports Marine Training Centre ("Training Centre") operated by the Group are both among the Group's core cultural sports business. The Sports Centre is a leisure tourism platform offering yacht berthing and rental services, yachting training, diving training, running competitions, and provision of vacation and leisure facilities, which provides appropriate venues and facilities to promote mid-range and high-end sports such as diving, sailing, canoeing/kayaking and other marine activities. In the first half of 2018, the Sports Centre hosted, co-organised and provided venue support or other support for nearly 30 competitions and charitable events with the aim of promoting marine sports culture. In doing so, a number of loyal members and fans were recruited. The Training Centre is an outward-bound training base offering teaching and sports venues as well as complementary services such as accommodation and catering. Since the completion of hardware and software upgrades, it has built solid partnerships with nearly 20 renowned enterprises which are in need of outward-bound training. Building as an ideal place for holding team-building activities in spare time, the Training Centre has accomplished a good reputation and recognition from many users who have experienced the facilities and services there.

On 28 March 2018, Shenzhen Baoxin Wenti Company Limited*(深圳寶新文體有限公司), a wholly-owned subsidiary of the Company, entered into a 17-year lease of Shenzhen Green Bay Golf Driving Range located in Tonggu Bao, Xixiang Central Business Zone, Bao'an District, Shenzhen*(深圳市寶安區西鄉商業中心銅鼓堡)with Shenzhen Green Bay Golf Club Company Limited*(深圳市碧海灣高爾夫俱樂部有限公司). In the past, golf was often viewed as a kind of minority sports for the wealthy and the elite owing to the restrictions on government policies and constraints on economic development standards. The incorporation of golf into the scope of competitive sports in the 13th Five-Year Plan has, however, acknowledged the nature of golf as a sport. Moreover, the continuous growth in national household income has made golf economically accessible to a considerable number of customers. The Group considers that the golf industry in China will develop rapidly due to the supportive factors as said. The unequivocal incorporation of golf into the fitness and leisure industry system by China implies that golf is no longer an ''aristocratic sport'' merely for a selected few, but rather a sport for the general public sooner or later, serving public health and economic development.

Thanks to the numerous events held by the Sports Centre and the Training Centre as well as continuous media dissemination, the brand recognition of the Group's marine culture among the public has grown significantly. The Group is now committing itself to promoting new and diverse products and services to cater for the needs of different customers, thereby improving its financial performance to attain a balance between income and expenditure in general and hence provide the necessary conditions for its healthy and sustainable business operations and development. In the long run, benefiting from the Shenzhen government's Eastward Shift Strategic Action Plan and the Global Tourism Demonstration Area in Dapeng New District, coupled with the advantage that the Sports Centre and the Training Centre offer a coastal marine sports competition stadium and an integrated training base surrounded by the mountains and the sea, it is firmly believed that the Group is able to take a lead in the sports tourism and sports training industries, which will make a tremendous contribution to the Group's business development.

Property Investment and Development

After acquiring certain land parcels in Chaoshan region by the end of 2017 through the acquisition of the equity interest of Shenzhen Borui Management Company Limited*(深圳博瑞企業管理有限公司)(''Shenzhen Borui'') and successfully bidding for the development and operation rights of a land parcel located in Chaoyang District, Changchun, the Group further secured new land development projects by acquiring more than half of the equity interests of local property development enterprises in Weinan City, Shaanxi (Weinan Project Company), Changsha City, Hunan (Hunan Project Company) and Yunfu City, Guangdong (Yunfu Project Company), the PRC, respectively, during the first half of 2018.

As set out in the 2017 Annual Report of the Company, on 7 March 2018, the Group acquired 60% equity interest in Weinan Project Company, for a consideration of RMB1 and an obligation to make capital contribution of RMB180 million to Weinan Project Company. On 14 February 2018, Weinan Project Company won the bid for the land use rights of the land parcel in Weinan. For details, please refer to the Company's announcement dated 7 March 2018.

In addition, during the period from 1 January 2018 to 30 June 2018 (''the Period''), the Group injected an amount of RMB200 million into Hunan Project Company and acquired 51% equity interest in the company from upon the completion of such capital contribution investment. Hunan Project Company is principally engaged in land development and operations. It also holds a total of 7 land parcels covering a total area of approximately 370,000 square meters located at Gaoqiao Village, Gaoqiao County, Yuhua District, Changsha* (長沙市雨花區高橋鄉高橋村), the purposes of which are for commercial and residential uses, as well as other commodity residential properties. For details, please refer to the Company's announcement dated 26 April 2018.

More recently on 27 June 2018, the Group entered into an agreement in respect of acquiring the entire equity interest in Yunfu Project Company, for a consideration of RMB30 million. Yunfu Project Company had already obtained the land use rights of a land parcel located at 131 Foshan (Yunfu) Industry Park for Industrial Transfer, Duyang Town, Yun'an District, Yunfu*(雲浮市雲安區都楊鎮佛山(雲浮)產業轉移工業園131號), in early years.

In addition to the above, the Group also has some real estate investments in Shenyang, Hefei and Shenzhen.

Currently, the Group's various property development projects are in their preliminary stage of development. The urbanization in China has entered into a new era, i.e. a new economic growth pillar has been shaped centered on some second-tier and third-tier metropolitan cities. The Group believes that acquiring property projects in second-tier and third-tier cities will bring the Group tremendous revenue and serve as a constant driving force for stabilising cash flows and boosting consumer loyalty among the public. This, together with the inclusion of the Guangdong-Hong Kong-Macao Greater Bay Area into China's significant strategy and the future integrated development within the Shenzhen-Shanwei Special Cooperation Zone, will offer promising prospects for the property development and investment market in Guangdong Province of China. In the meantime, the Group foresees that substantial cash flows will be generated from sales proceeds when the said property development projects are harvested successively in the upcoming three years, forming a benign funds loop that can help the Group tap into the property investment and development market in an accelerated and smooth manner.

Securities Investment

The securities investment of the Group spans across listed companies, the shares of which are listed on Shenzhen Stock Exchange, Shanghai Stock Exchange and Hong Kong Stock Exchange, most of which are promising listed companies engaging in business related to the Group or capable of sustaining high growth. With a focus on the business of the investee companies, the Group also aims at exploring opportunities for establishing business cooperation with such entities. The Group believes that conducting securities investment while expanding the scale of heavy assets will complement substantial businesses, resulting in a beneficial development for both sides. This is conducive to the Group in establishing a virtuous circle in its operation, which in turn strengthens the Group's sustainable development.

As at 30 June 2018, the Group held equity investment at fair value through other comprehensive income and equity investment at fair value through profit or loss of approximately HK$356,308,000 and HK$58,804,000 respectively.

Outlook

As mentioned above, the year 2018 represents a ''year of further refinement'' for the Group. The Group has successfully implemented the development plans of expanding its total assets and rapidly growing its property development business as scheduled earlier by means of various rounds of corporate mergers and acquisitions during the first half of 2018. The Group will implement further to enhance its internal management and business development plans focusing on various acquired property assets and business projects, while striving to develop and promote its renowned brand as an integrated platform in the cultural sports industry. The Group will accord top priority to the interests of shareholders and investors and remain committed to achieve its refined strategy of pursuing high quality and revenue, together with wholesome development by means of upholding property investment and development as its core business, with cultural sports as a focal point and upgraded properties as the mainstay.

In the second half of 2018, the Group will concentrate on the two pillar industries of ''property investment and development, cultural sports'' through the adoption of ''double-drive'' strategy. By continuously optimizing internal resources while steadily expanding external operations, the two pillar industries will achieve sound development and effective synergy. The Group will step up property investment and development on top of operation of sports stadium, sports training, running of competitions and events and sports tourism to achieve the parallel development of the Group's various business segments.

Review of results and operations

During the Period, the Group achieved approximately HK$891,924,000 in revenue, representing a significant increase of approximately 3,143% from that of approximately HK$27,502,000 during the corresponding period of last year. The fast growth in revenue was mainly attributable to the contribution of the revenue derived from the recognition of sales of properties of our newly acquired subsidiary in Hunan and the trading of commodities.

Gross profit was approximately HK$20,412,000, comparing to the gross loss of approximately HK$34,042,000 during the corresponding period of last year. The overall gross loss ratio of approximately 123.7% became gross profit ratio of approximately 2.3%. The substantial increase in gross profit was mainly due to the contributions from the operation of a yacht club and provision of training services.

During the Period, the Group's distribution costs amounted to approximately HK$21,897,000 (six months ended 30 June 2017: approximately HK$210,000) representing an increase of approximately 10,327% was attributable to the promotion cost of online game service incurred in the PRC. Also, as the Group further increased its property marketing efforts to accelerate the pre-sales and sales of its properties under development in 2018, the distribution costs had increased significantly as compared with the corresponding period of last year.

The Group had expedited the real estate and property investment business by expanding its operation scale. As a result, administrative expenses was increased by approximately 38% when compared with the corresponding period of last year which amounted to approximately HK$37,731,000 (six months ended 30 June 2017: approximately HK$27,273,000).

Research and development expenses during the Period was approximately HK$1,191,000 (six months ended 30 June 2017: approximately HK$205,000), representing an increase of approximately 481% compared to the corresponding period of last year.

As at 30 June 2018, no impairment for goodwill and other intangible assets was incurred. As at 30 June 2017, substantial impairment for goodwill and other intangible assets of operation of software development in the PRC amounted to approximately HK$75,263,000 and HK$13,984,000 respectively based on valuation of fair value changes in relevant businesses.

Besides, fair value loss of approximately HK$6,992,000 (six months ended 30 June 2017: gain of approximately HK$212,521,000) resulted from the adjustment on contingent consideration in relation to the acquisition of Yue Jin Asia Limited ("Yue Jin Asia") with reference to the projected financial performance of Yue Jin Asia for the year ending 31 December 2018.

The properties portfolio of the Group comprised residential and commercial properties in Shenyang, Hefei and Shenzhen, as well as certain properties under construction in Shantou which were held for investment purpose. As at 30 June 2018, the gain resulted from the fair value gain of those investment properties amounted to approximately HK$175,098,000 (six months ended 30 June 2017: approximately HK$33,388,000) was recognized.

In addition, the Group recognised a gain on bargain purchase from business combination of approximately HK$102,024,000 (six months ended 30 June 2017: HK$Nil). It was contributed by the acquisition of Hunan Project Company as disclosed above in this interim report. During the Period, the Group acquired 51% equity interest in Hunan Project Company and injected an amount of RMB200,000,000 in the company after the completion of such acquisition. Based on the valuation report issued by the valuer, the Group revised the values and classification of the identifiable assets and liabilities related to it and as presented in the statements and recognised a gain on bargain purchase accordingly.

Income tax expense for the Period was approximately HK$36,040,000 as compared with the corresponding period of last year of approximately HK$12,658,000, representing an increase in approximately 185% compare to the corresponding period of last year.

As a result of the above-mentioned factors, the Group recorded net profit of approximately HK$146,780,000 for the Period, as compared with the amount of approximately HK$207,356,000 for the six months ended 30 June 2017.

Liquidity and financial resources

As at 30 June 2018, the Group had bank and cash balances of approximately HK$1,002,426,000 (31 December 2017: HK$327,249,000). Total borrowings of the Group amounted to approximately HK$3,372,261,000 as at 30 June 2018, of which equivalents of approximately HK$539,430,000 and approximately HK$2,832,831,000 were denominated in Hong Kong dollar and Renminbi respectively. Total borrowings included bank and other loans of approximately HK$2,868,267,000 and corporate bond of approximately HK$503,994,000. All loans bore fixed interest rates and exposed the Group to fair value interest rate risk.

As at 30 June 2018, the Group had a net current assets of approximately HK$1,959,092,000, as compared with an amount of approximately HK$1,037,993,000 as at 31 December 2017. As at 30 June 2018, the gearing ratio of the Group was approximately 0.868 (31 December 2017: approximately 0.627), which was calculated on the basis of the total debt (summation of borrowings and corporate bonds) divided by total equity as at the respective reporting date.

Capital expenditure

During the Period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK$Nil (six months ended 30 June 2017: HK$633,000) for proceeds of HK$Nil (six months ended 30 June 2017: HK$Nil), resulting in a gain on disposal of HK$Nil (six months ended 30 June 2017: gain of approximately HK$Nil). In addition, during the Period, the Group acquired property, plant and equipment of approximately HK$11,835,000 (six months ended 30 June 2017: HK$8,145,000, of which approximately HK$10,923,000 was acquired through acquisition of subsidiaries.

Charge of assets

As at 30 June 2018, properties for sale under development and investment properties with a carrying amount of approximately HK$1,368,080,000 were pledged as security for bank loans in relation to the Group's real estate and property investment business. Properties for sale under development, properties, plant and equipment and investment properties with a carrying amount of approximately HK$923,367,000 were pledged for provision of guarantees to several associated parties of a former equity holder of a subsidiary.

As at 30 June 2018, certain equity investments at fair value through profit or loss with a carrying amount of approximately HK$58,804,000 were pledged for a margin loan facility granted to the Group.

As at 31 December 2017, certain listed equity securities in Hong Kong with an aggregate carrying value of approximately HK$124,200,000 were pledged to secure the relevant loans amounting to approximately HK$75,380,000. The carrying amount of properties for sale under development and a share charge over the entire issued capital of a wholly-owned subsidiary of the Group were pledged as security for banking facilities granted to a subsidiary of the Group amounted to approximately HK$1,221,773,000.

Employee and remuneration policies

The Group had 382 full time staff as at 30 June 2018 (31 December 2017: 241) in Hong Kong and the PRC. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees.

Foreign exchange and currency risks

Most of the Group's revenue and expenses were generated from the PRC and were denominated in Renminbi. During the Period, the Group had not hedged its foreign exchange risk because the exposure was considered insignificant. Our management will continue to monitor our foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

Share capital

On 10 January 2018, the Company entered into a placing agreement and a subscription agreement in relation to the placing and the subscription of shares of the Company ("Shares"), and the board (the "Board") of directors of the Company (the "Directors") also proposed the increase in authorised share capital. The placing was completed on 20 March 2018 in accordance with the placing agreement in which an aggregation of 1,634,502,485 placing shares had been successfully placed to not less than six placees at the placing price of HK$0.50 per placing share. The subscription was completed on 20 March 2018 in accordance with the subscription agreement in which an aggregate of 408,625,621 new Shares had been allotted and issued by the Company to the subscriber at the subscription price of HK$0.50 per subscription share.

The net proceeds from the placing and the subscription after deducting the related expenses were approximately HK$1,017,415,000. The net proceeds were then applied for (i) the settlement of the outstanding consideration for the acquisition of Borui Group, (ii) the early repayment of the principal (HK$130 million) of 12% annual coupon unlisted corporate bonds (the "Corporate Bonds") together with the accrued interests of the Corporate Bonds, (iii) the early repayment of the principal (HK$75 million) of the pledged loan with China Goldjoy Credit Limited (the "Loan") together with the related outstanding accrued interests of the Loan, and (iv) financing the general working capital of the Group.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities (2017: Nil).

Capital commitments

As at 30 June 2018, the Group's capital commitment was approximately HK$2,582,971,000 (31 December 2017: approximately HK$3,201,149,000) in respect of the purchase of inventories.

* *For identification purposes only*

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(a) Introduction to Unaudited Pro Forma Financial Information of The Enlarged Group

The following is an illustrative and unaudited pro forma statement of assets and liabilities (the "**Unaudited Pro Forma Financial Information**") of the Group and the NSG Group (collectively referred to as the "**Enlarged Group**") which has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of NSG (the "**Acquisition**") as if it had taken place on 30 June 2018. Details of the Acquisition are set out in the section headed "Letter from the Board" contained in this circular.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018 as set out in the Company's published interim report dated 17 August 2018, the unaudited condensed consolidated statement of financial position of the NSG Group as at 30 June 2018 as set out in NSG's published interim report dated 24 August 2018, after giving effect to the unaudited pro forma adjustments as described in the accompanying notes. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained has the Acquisition been completed on 30 June 2018, nor purport to predict the Enlarged Group's future financial position of operations.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group and the NSG Group as set out in the published interim reports of the Company and NSG for the six months period ended 30 June 2018, and other financial information included elsewhere in this circular.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial information of the Enlarged Group had the Acquisition been completed as at 30 June 2018 or at any future date.

(b) Unaudited Pro Forma Statement of Assets and Liabilities of The Enlarged Group as at 30 June 2018

	The Group as at 30 June 2018	The NSG Group as at 30 June 2018	Pro forma adjustments for the Acquisition					The Enlarged Group as at 30 June 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
ASSETS AND LIABILITIES								
Non-current assets								
Property, plant and equipment	431,882	79,117	—	—	—	—	—	510,999
Land use right	4,048	—	—	—	—	—	—	4,048
Investment properties	2,925,643	1,291,429	—	—	—	—	—	4,217,072
Prepaid lease payments	—	112,341	—	—	—	—	—	112,341
Intangible assets	191,676	797,431	—	—	28,151	—	—	1,017,258
Goodwill	—	204,262	—	—	(204,262)	—	—	—
Investment in associates	453,562	—	447,974	594,959	(1,042,933)	—	—	453,562
Financial assets at fair value through other comprehensive income	1,379,227	356,308	—	—	—	(95,811)	—	1,639,724
Derivative financial assets	—	5,965	—	—	—	—	—	5,965
Deferred income tax assets	13,501	69,685	—	—	—	—	—	83,186
Trade receivables	7,883	—	—	—	—	—	—	7,883
Finance lease receivables	97,552	—	—	—	—	—	—	97,552
	5,504,974	2,916,538	447,974	594,959	(1,219,044)	(95,811)	—	8,149,590

	The Group as at 30 June 2018	The NSG Group as at 30 June 2018	Pro forma adjustments for the Acquisition					The Enlarged Group as at 30 June 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Current assets								
Inventories	1,649,407	5,046,059	—	—	254,751	—	—	6,950,217
Gross amount due from customers for contract works	—	586,543	—	—	—	—	—	586,543
Loans and advances	966,947	120,646	—	—	—	—	—	1,087,593
Trade receivables	340,112	28,214	—	—	—	—	—	368,326
Finance lease receivables	53,217	—	—	—	—	—	—	53,217
Prepayments, deposits and other receivables	363,078	1,010,813	—	—	—	—	—	1,373,891
Financial assets at fair value through profit or loss	1,671,831	58,804	(36,079)	—	—	—	—	1,694,556
Client trust bank balances	308,186	—	—	—	—	—	—	308,186
Restricted cash	79,907	—	—	—	—	—	—	79,907
Cash and cash equivalents	1,357,428	1,002,426	(411,895)	—	—	—	—	1,947,959
	6,790,113	7,853,505	(447,974)	—	254,751	—	—	14,450,395
Assets classified as held-for-sale	9,222	—	—	—	—	—	—	9,222
	6,799,335	7,853,505	(447,974)	—	254,751	—	—	14,459,617

	The Group as at 30 June 2018	The NSG Group as at 30 June 2018	Pro forma adjustments for the Acquisition					The Enlarged Group as at 30 June 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Current liabilities								
Trade and bills payables	1,257,472	1,310,787	—	—	—	—	—	2,568,259
Accruals and other payables	1,160,366	1,290,207	—	—	—	—	9,354	2,459,927
Contingent consideration payable	—	100,992	—	—	—	—	—	100,992
Financial guarantees	—	61,463	—	—	(28,254)	—	—	33,209
Borrowings	1,815,682	3,065,229	—	—	—	—	—	4,880,911
Current income tax liabilities	208,390	65,735	—	—	—	—	—	274,125
	4,441,910	5,894,413	—	—	(28,254)	—	9,354	10,317,423
Net current assets	2,357,425	1,959,092	(447,974)	—	283,005	—	(9,354)	4,142,194
Total assets less current liabilities	7,862,399	4,875,630	—	594,959	(936,039)	(95,811)	(9,354)	12,291,784
Non-current liabilities								
Other payables	98,147	—	—	—	—	—	—	98,147
Borrowings	207,114	307,032	—	—	—	—	—	514,146
Financial guarantees	—	75,118	—	—	20,749	—	—	95,867
Deferred income tax liabilities	342,066	491,505	—	—	70,723	—	—	904,294
Consideration payable	—	118,379	—	—	—	—	—	118,379
	647,327	992,034	—	—	91,472	—	—	1,730,833
Net assets	7,215,072	3,883,596	—	594,959	(1,027,511)	(95,811)	(9,354)	10,560,951

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The balances were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018 as set out in the unaudited interim report of the Company for the six months ended 30 June 2018.

2. The balances were extracted from the unaudited condensed consolidated statement of financial position of the NSG Group as at 30 June 2018 as set out in the unaudited interim report of NSG for the six months ended 30 June 2018.

3. As at 30 June 2018, the investment of 1.01% equity interest in NSG was recorded as financial assets at fair value through profit or loss, with a value of approximately HK$36,079,000. Before completion of the Acquisition, the Group previously held a 29.19% equity interest in NSG in which 28.18% equity interest in NSG has been acquired on 28 November 2018 at a cost of approximately HK$411,895,000. In the opinion of the directors of the Company, the Company has significant influence in NSG upon completion of the acquisition of 28.18% equity interest in NSG, NSG became an associate of the Company on the same date. For the purpose of presenting the pro forma adjustments and assuming the acquisition of 28.18% equity interest in NSG had been completed on 30 June 2018, the investment was adjusted to the account of ''Investment in an associate''.

4. Upon completion of the Acquisition, the Group will own 66.35% equity interest in NSG and NSG will become a subsidiary of the Company. Upon initial recognition, the identifiable assets and liabilities of the NSG Group will be accounted for in the consolidated financial statement of the Enlarged Group at fair value as of the date of completion under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) ''Business Combination'' (''HKFRS 3'').

   For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the adjustment represent (i) the elimination of interests in NSG held by the Group at the date of Acquisition and (ii) the inclusion of fair value adjustments resulted from the allocation of the pro forma purchase consideration to the NSG Group's identifiable assets and liabilities acquired, as if the Acquisition had taken place on 30 June 2018.

   The provisional pro forma purchase price allocation to identifiable assets and liabilities of the NSG Group has been based on a valuation carried out by the management with the assistant from an independent valuer, Valtech Valuation Advisory Limited (''Valtech'').

The gain on bargain purchase arising from the Acquisition is calculated as follows:

	Note	**Completion as of 30 June 2018** *HK$'000*
Consideration of the Acquisition		
— Consideration shares	*(i)*	648,657
— Acquisition date fair value of previously held equity interest	*(ii)*	1,042,933
		1,691,590
Fair value of the identifiable net assets of the NSG Group	*(iii)*	3,899,018
Less: Non-controlling interests of 33.65% in NSG		(1,311,884)
		2,587,134
Gain on bargain purchase arising from the Acquisition		895,544

Notes:

(i) Pursuant to the sale and purchase agreement to acquire 37.16% interest in NSG, the total consideration of the Acquisition shall be settled by issuing 1,508,505,611 Consideration Shares by the Company.

For the purpose of the Unaudited Pro Forma Financial Information, the fair value of the Consideration Shares at the date of Completion is assumed to be HK$0.43 which represents the market share price of the Company per Consideration Share on 30 June 2018. As the fair value of the Consideration Shares at the date of Completion may be substantially different from the closing price of the Company's shares at 30 June 2018, the actual fair value of the consideration of the Acquisition may be different from those presented in the Unaudited Pro Forma Financial Information.

(ii) In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in NSG at its acquisition date fair value and recognised the resulting gain or loss in the profit or loss in accordance with HKFRS 3 Business Combination. The fair value of this previously held equity interest is then added to the sum of the consideration transferred in a business combination to calculate the goodwill or a gain from a bargain purchase.

The estimated fair value of previously held 29.19% equity interest is approximately HK$1,042,933,000 as at 30 June 2018 which is calculated based on the 1,185,150,787 shares of NSG held by the Group and the closing price of NSG's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 June 2018 of HK$0.88 per share.

(iii) The fair value of identifiable net assets of the NSG Group acquired as at 30 June 2018 is calculated as follows:

	HK$'000
Carrying amount of net assets of the NSG Group as at 30 June 2018	3,679,334
Pro forma fair value adjustment to intangible assets	28,151
Pro forma fair value adjustment to inventories	254,751
Pro forma fair value adjustment to financial guarantees	7,505
Deferred tax liabilities arising from pro forma fair value adjustment to intangible assets and inventories	(70,723)
Fair value of the net assets of the NSG Group acquired as at 30 June 2018	3,899,018

For the purpose of the Unaudited Pro Forma Financial Information, the directors of the Company have assessed the intangible assets impairment in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets". The management has estimated the recoverable amount based on the higher of fair value less costs of disposal and value in use of the underlying cash-generating units as at 30 June 2018. Based on the recoverable amount, there had no impairment loss had been recognised as if the transaction had been completed as at 30 June 2018.

Deferred tax liabilities are calculated based on the 25% tax rate on the above fair value adjustments.

5. The adjustments represent the elimination of the NSG Group's investment of equity interest in the Company of approximately HK$95,811,000 as at 30 June 2018.

6. The adjustment represents the estimated legal and professional fee and other direct expenses in relation to the Acquisition of approximately HK$9,354,000. This adjustment is not expected to have a continuing financial effect on the Enlarged Group.

7. Save as aforesaid, no other adjustments have been made to reflect any trading result or other transactions of the Enlarged Group entered into subsequent to 30 June 2018. In particular, the Unaudited Pro Forma Financial Information has not taken into account the issuance of shares by NSG to Yue Jin International Limited to settle the retained consideration, and the unconditional mandatory general offer for all the issued shares of NSG (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) as disclosed in the joint announcements of the Company, the Offeror and NSG dated 21 January 2019 and 18 March 2019.

2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

To the directors of China Goldjoy Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Goldjoy Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2018 and related notes as set out on pages III-2 to III-7 of Appendix III of the Company's circular dated 26 March 2019 (the "Circular") in connection with the proposed acquisition of 37.16% equity interest in New Sports Group Limited (the "Proposed Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in page III-1 of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group's consolidated financial position as at 30 June 2018 as if the Proposed Acquisition had taken place on 30 June 2018. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Company's interim report for the six months ended 30 June 2018, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company 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").

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company 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 a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition at 30 June 2018 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

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

(b) such basis is consistent with the accounting policies of the Company; 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.

BDO Limited
Certified Public Accountants
Hong Kong, 26 March 2019

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

(i) Long position in the Shares

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding *(Note 2)*
Mr. Yao Jianhui *(Note 1)*	Interest in controlling corporation	10,794,943,600	41.73%
	Beneficial owner	44,468,000	0.17%

Notes:

1. Mr. Yao Jianhui is interested in the entire issued share capital of Tinmark Development Limited, which is the beneficial owner of 10,794,943,600 shares in the Company. He is also the sole director of Tinmark Development Limited. He is deemed to be interested in all the Shares held by Tinmark Development Limited by virtue of the SFO. He also holds 44,468,000 Shares in the Company.

2. Based on 25,869,806,100 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

(iii) Interests in contracts

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Enlarged Group.

(iv) Interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(v) Directors' service contracts

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

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial shareholders	**Capacity and nature of interests**	**Number of Shares held**	**Approximate percentage of shareholding** *(Note 5)*
Tinmark Development Limited *(Note 1)*	Beneficial owner	10,794,943,600	41.73%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	16.31%
Taiping Assets Management (HK) Company Limited *(Note 2)*	Investment manager	4,219,560,000	16.31%
Chelsea Manifest Fund *(Note 3)*	Security interest	3,140,000,000	12.14%
Chelsea Securities Limited *(Note 3)*	Interest of controlled corporation	3,140,000,000	12.14%
Mr. Winston Sie *(Note 3)*	Interest of controlled corporation	3,140,000,000	12.14%
Sveta Limited *(Note 4)*	Interest of controlled corporation	3,140,000,000	12.14%
Huarong Investment Stock Corporation Limited *(Note 4)*	Interest of controlled corporation	3,140,000,000	12.14%
Right Select International Limited *(Note 4)*	Interest of controlled corporation	3,140,000,000	12.14%
China Huarong International Holdings Limited *(Note 4)*	Interest of controlled corporation	3,140,000,000	12.14%
中國華融資產管理股份有限公司 *(Note 4)*	Interest of controlled corporation	3,140,000,000	12.14%

Notes:

1. Tinmark Development Limited is wholly-owned by Mr. Yao Jianhui.

2. Taiping Assets Management (HK) Company Limited is an investment manager of 前海人壽保險股份有限公司 and is deemed to be interested in such Shares by virtue of the SFO.

3. Mr. Winston Sie has 39% interest in Chelsea Securities Limited, which in turn has 100% interest in Chelsea Manifest Fund. Each of Mr. Winston Sie and Chelsea Securities Limited is deemed to be interested in the Shares held by Chelsea Manifest Fund by virtue of the SFO.

4. Sveta Limited is a shareholder holding 100% of the participating shares of Chelsea Manifest Fund. Sveta Limited is indirectly wholly owned by Huarong Investment Stock Corporation Limited, which in turn is owned as to 50.99% by Right Select International Limited. Right Select International Limited is wholly-owned by China Huarong International Holdings Limited, which in turn is indirectly wholly-owned by 中國華融資產管理股份有限公司. Each of these entities is deemed to be interested in the Shares held by Chelsea Manifest Fund by virtue of the SFO.

5. Based on 25,869,806,100 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save for Mr. Yao Jianhui who is the sole director of Tinmark Development Limited which holds approximately 41.73% interest in the Company as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or 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.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

5. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion(s), letter(s) or advice which are contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants, Hong Kong

As at the Latest Practicable Date, the above expert (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2017 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Enlarged Group) have been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(a) the termination agreement dated 21 March 2017 in respect of the sale and purchase agreement dated 13 September 2016 entered into between 鶴山市世逸電子科技有限公司 (Heshan World Fair Electronics Technology Limited*) as purchaser and 合肥市寶能房地產開發有限公司 (He Fei Baoneng Real Estate Development Co., Ltd.*) as vendor in relation to the acquisition of residential units of Buildings No. 3 and No. 8 (excluding floors 1-2 which are intended for commercial use), Phase 2 of Baonengcheng, located at Binghu District, Hefei City, Anhui Province, the PRC at a consideration of RMB315,054,000;

(b) the sale and purchase agreement dated 12 May 2017 entered into between the Offeror and Joyful Rich Trading Limited (悅富貿易有限公司) in relation to the transfer of 45,454,545 shares of 湛江集付通金融服務股份有限公司 (Zhanjiang Jifutong Financial Services Joint Stock Company Limited*) at a consideration of HK$59,250,000;

(c) the provisional sale and purchase agreement dated 19 May 2017 and the formal sale and purchase agreement dated 8 June 2017 entered into between Jumbo Wisdom Investments Limited (巨智投資有限公司), an indirect wholly-owned subsidiary of the Company, as purchaser and an individual as vendor in relation to the transfer of the entire issued share capital of Ace Grand Limited at a consideration of HK$65,000,000;

(d) the sale and purchase agreement dated 28 June 2017 entered into between Fangjia Construction Service Limited (方佳建築服務有限公司) as purchaser and the Offeror as vendor in relation to the disposal of the entire issued share capital of Runroc Limited (潤鵬有限公司) at a consideration of HK$29,920,000;

(e) the sale and purchase agreement dated 1 August 2017 entered into between Golden Florish International Limited (金盛國際有限公司) as purchaser and Success Charm Holdings Limited (祥成控股有限公司), a direct wholly-owned subsidiary of the Company, in relation to the disposal of the entire issued share capital of Gallant Tech (i-manufacturing) Limited (佳力科技(i-製造)有限公司) at a consideration of HK$945,595 and the assignment of shareholder's loan at a consideration of HK$32,054,405;

(f) the sale and purchase agreement dated 4 August 2017 (as supplemented by the supplemental agreement dated 6 September 2017) entered into between 深圳寶開實業有限公司 (Shenzhen Bao Kai Assets Holdings Limited*), a wholly-owned subsidiary of the Company, as purchaser and 萊華商置有限公司 (Lai Hua Properties and Investment Limited*) as vendor in relation to the acquisition of the entire share capital of 萊華泰盛有限公司 (Laihua Taisheng Limited*)("**Laihua Taisheng**") holding the property development project in the name of "世紀城" (Century Plaza*) located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC at a total consideration of RMB1,720,000,000;

(g) the subscription agreement dated 25 October 2017 entered into between, the Company and Virtue Dragon Holdings Limited ("**Virtue Dragon**") in relation to the subscription by Virtue Dragon for, and the allotment and issue by the Company of, 862,068,000 new Shares (the "**Virtue Dragon Subscription Shares**") at HK$0.58 per Virtue Dragon Subscription Share;

(h) the subscription agreement dated 3 December 2017 entered into between the Company and Shiny Palace Development Limited ("**Shiny Palace**") in relation to the subscription by Shiny Palace for, and the allotment and issue by the Company of, 1,190,476,000 new Shares (the "**Shiny Palace Subscription Shares**") at HK$0.63 per Shiny Palace Subscription Share;

(i) the subscription agreement dated 3 December 2017 entered into between the Company and Discovery Key Investments Limited ("**Discovery Key**") in relation to the subscription by Discovery Key for, and the allotment and issue by the Company of, 1,190,476,000 new Shares (the "**Discovery Key Subscription Shares**") at HK$0.63 per Discovery Key Subscription Share;

(j) the subscription agreement dated 3 December 2017 entered into between the Company and Champion Radiant Enterprises Limited ("**Champion Radiant**") in relation to the subscription by Champion Radiant for, and the allotment and issue by the Company of, 476,188,000 new Shares (the "**Champion Radiant Subscription Shares**") at HK$0.63 per Champion Radiant Subscription Share;

(k) the facility letter dated 28 December 2017 entered into between China Goldjoy Credit Limited, a non wholly-owned subsidiary of the Company, as lender and Grand Luxe Limited as borrower and an independent third party as guarantor in respect of a standby facility of up to HK$360,000,000;

(l) the joint venture agreement dated 7 February 2018 entered into between the Company, Yunnan Energy Investment (HK) Co. Limited (香港雲能國際投資有限公司), Right Dimension Limited (正維有限公司) and Forever Assiduous Group Limited (永勤集團有限公司) in relation to the formation of a joint venture with a share capital of HK$2,000,000,000;

(m) the sale and purchase agreement dated 23 April 2018 entered into between Laihua Taisheng as purchaser and 萊華商置有限公司 (Lai Hua Properties and Investment Limited*) as vendor in relation to the acquisition of 萊華泰豐有限公司 (Laihua Taifeng Limited*) holding the property development project in the name of "太古城" (Taigu Plaza*) located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC at a total consideration of RMB660,000,000;

(n) the sale and purchase agreement dated 3 June 2018 entered into between Hua Tong Group Limited (華通集團有限公司) as purchaser and Goldjoy Holding Limited ("**Goldjoy Holding**"), a wholly-owned subsidiary of the Company, as vendor in relation to the disposal of 28% of the entire issued share capital of Golden Affluent Limited (金裕有限公司) at a consideration of HK$168,200,000;

(o) the sale and purchase agreement dated 28 November 2018 entered into between Hong Kong Bao Da Financial Holdings Limited (香港寶達金融控股有限公司), a wholly-owned subsidiary of the Company, as purchaser and Ms. Ai Qing (艾青) and Boot Gain Investments Limited as vendors in relation to the acquisition of 1,144,151,739 shares in New Sports Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00299) at a total consideration of HK$411,894,626;

(p) the sale and purchase agreements both dated 10 January 2019 entered into between Goldjoy Holding as purchaser and Ascend Fortune Ventures Limited (財昇創投有限公司) and Merit Faith Ventures Limited (優信創投有限公司) as vendors in relation to the acquisition of 20% of the entire issued share capital in each of Affluent Advantage Limited, Proficient Power Limited, Prominent Up Limited, Fast Prestige Limited, Novel Forward Limited, Gigantic Increase Limited, Metro Grow Limited and Stellar Result Limited at a total consideration of HK$200,000,000 which is subject to adjustment(s), details of which are set out in the Company's announcements dated 10 January 2019 and 15 January 2019; and

(q) the Sale and Purchase Agreement.

7. GENERAL

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

(b) The head office and principal place of business of the Company in Hong Kong is situated at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No.89 Queensway, Hong Kong.

(c) 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, Hong Kong.

(d) The secretary of the Company is Mr. Ho Ka Yiu, Simon ("**Mr. Ho**"). Mr. Ho holds a Bachelor degree in Accountancy from The Hong Kong Polytechnic University. He is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Ho has nearly 20 years of experience in auditing, professional accounting and financial management. Prior to joining the Company, he worked in several international audit firms and served as a chief financial officer, company secretary and authorised representative in a listed company in Hong Kong.

(e) The auditor of the Company is BDO Limited and their office address in Hong Kong is 25/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

(f) This circular and the accompanying form of proxy is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except public holidays) at the head office of the Company in Hong Kong at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong from the date of this circular up to and including the date of the 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 2017;

(c) the interim report of the Company for the six months ended 30 June 2018;

(d) the annual reports of NSG for the three years ended 31 December 2017;

(e) the interim report of NSG for the six months ended 30 June 2018;

(f) the report on unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(g) the letter of consent referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix;

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

(i) the Sale and Purchase Agreement;

(j) the circular of the Company dated 11 May 2018; and

(k) this circular.

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting ("**EGM**") of China Goldjoy Group Limited (the "**Company**") will be held at 11:00 a.m. on Monday, 15 April 2019 at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendment(s), the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

(a) the sale and purchase agreement (the "**Agreement**") dated 17 January 2019 (a copy of which having been produced to this meeting and marked "A" and initialed by the chairman of this meeting for the purpose of identification) entered into between (i) Hong Kong Bao Xin Asset Management Limited (香港寶信資產管理有限公司) (the "**Offeror**"), an indirect wholly-owned subsidiary of the Company, (ii) Upright Hoist Limited, (iii) Mr. Zhang Xiaodong, (iv) Tengyue Limited (together with Upright Hoist Limited and Mr. Zhang Xiaodong, the "**Vendors**") and (v) Mr. Wu Teng pursuant to which the Offeror conditionally agreed to acquire and the Vendors conditionally agreed to sell in aggregate 1,509,180,611 ordinary shares of HK$0.05 each in the share capital of New Sports Group Limited (新體育集團有限公司) (Stock Code: 00299) ("**NSG**") for a total consideration to be settled by way of the allotment and issue of in aggregate 1,509,180,611 new ordinary shares of HK$0.10 each in the share capital of the Company (the "**Consideration Shares**") to the Vendors, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;

(b) the acquisition of all the outstanding shares in the issued share capital ("**NSG Shares**") of NSG (other than those NSG Shares already owned by the Offeror and parties acting in concert with it) by way of an unconditional mandatory securities exchange offer with cash alternative (the "**Offer**") pursuant to the Code on Takeovers and Mergers (the "**Takeovers Code**") by CCB International Capital Limited for and on behalf of the Offeror involving (i) the allotment and issue of not more than 1,484,027,056 new ordinary shares of HK$0.10 each in the share capital of the Company for satisfying the share alternative under the Offer (the "**New Shares under Share Alternative**") and (ii) a total cash consideration payable by the Offeror of up to approximately HK$645,551,769, the details of which are set out in the circular of the Company dated 26 March 2019, and all transactions contemplated thereunder, be and are hereby approved;

(c) the specific mandate for the allotment and issue of the Consideration Shares, credited as fully paid, in accordance with the terms and conditions of the Agreement be and is hereby approved;

(d) the specific mandate for the allotment and issue of the New Shares under Share Alternative, credited as fully paid, in accordance with the terms and conditions of the Offer be and is hereby approved;

(e) any one or more directors of the Company be and are hereby authorised to do all such acts and things and to sign and execute (under seal, if required) all such documents, and to take all such steps for and on behalf of the Company which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to or in connection with the Agreement, the Offer and completing the transactions contemplated thereby, and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith."

Yours faithfully,
For and on behalf of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 26 March 2019

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1–1111
Cayman Islands

Principal place of business in Hong Kong:
Units 1908 to 1909, 19/F, Tower 2
Lippo Centre, No. 89 Queensway
Hong Kong

Notes:

1. Every member of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy (if a member who is holder of two or more shares) to attend and vote for him/her/it on his/her/its behalf at the meeting.

2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.

3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof.

As at the date of this notice, the board of directors of the Company comprises five executive directors, namely Mr. Yao Jianhui, Mr. Lau Wan Po, Mr. Li Minbin, Mr. Huang Wei and Mr. Zhang Chi; one non-executive director, namely Mr. Chen Kaiben; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung.