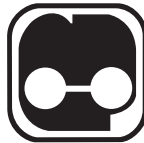

THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Carrianna Group Holdings Company Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



佳寧娜集團控股有限公司 CARRIANNA GROUP HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

(1) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE; (2) APPLICATION FOR WHITEWASH WAIVER; (3) RE-ELECTION OF DIRECTOR; AND (4) NOTICE OF SGM

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



大有融資

A letter from the Board is set out on pages 6 to 20 of this circular and a letter from the IBC containing its recommendation to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter of advice from the IFA to the IBC and the Independent Shareholders is set out on pages 23 to 59 of this circular.

A notice convening the special general meeting of the Company (the “SGM”) to be held at 26/F., Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Tuesday, 1 June 2021 at 11:00 a.m. is set out on pages 138 to 140 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.com.hk and the Company at www.carrianna.com.

Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, 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 SGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish.

PRECAUTIONARY MEASURES FOR THE SGM

In view of an ongoing pandemic of coronavirus disease 2019 (COVID-19) and recent requirements for prevention and control of its spread by the HKSAR Government, the Company will implement the following prevention and control measures at the SGM against the COVID-19 pandemic to protect the Shareholders from the risk of infection:

- (i) every participant (including Shareholders or their proxies) in the SGM shall be subject to compulsory body temperature check at the entrance of the meeting venue and anyone with a body temperature higher than normal will not be given access to the meeting venue and will be required to stay in an isolated place for completing the voting procedures;
- (ii) all participants (including Shareholders or their proxies) in the SGM are required to wear surgical face masks at all time during their attendance of the SGM; and
- (iii) no refreshment will be served, and there will be no corporate gifts.

Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the SGM venue. Furthermore, the Company wishes to advise the Shareholders that they may appoint any person or the chairman of the SGM as a proxy to vote on the relevant resolutions, instead of attending the SGM in person.

In the interest of all stakeholders’ health and safety and consistent with recent guidelines for prevention and control of the COVID-19 pandemic, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

10 May 2021

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed to this term under the Takeovers Code
“Announcement”	the announcement of the Company dated 8 March 2021 in relation to, among other matters, the Shares Subscription, the Specific Mandate and the Whitewash Waiver
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and the Stock Exchange is open for business of dealing in securities throughout its normal trading hours
“Bye-laws”	the bye-laws of the Company in force from time to time
“Company”	Carrianna Group Holdings Company Limited (佳寧娜集團控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 126)
“connected person”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IBC”	the independent board committee of the Company comprising Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King, being all the independent non-executive Directors formed under the Takeovers Code and the Listing Rules for the purpose of giving a recommendation to the Independent Shareholders on the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver and as to voting at the SGM
“IFA” or “Messis Capital”	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the IBC
“Independent Shareholders”	Shareholders other than (i) the Subscribers, their associates and parties acting in concert with any of them including Mr. John Ma; and (ii) parties involved or interested in the Shares Subscription or the Whitewash Waiver
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Codes) with any of the connected persons of the Company or any of their respective associates and are not acting in concert with the Ma Family
“Last Trading Day”	5 March 2021, being the last day on which the Shares were traded on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	7 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ma Family”	Mr. KC Ma, Mr. KY Ma and Mr. John Ma
“Mr. John Ma”	Mr. Ma Hung Ming, John, the vice-chairman of the Board and an executive Director and the son of Mr. KC Ma

DEFINITIONS

“Mr. KC Ma”	Mr. Ma Kai Cheung, the honorary chairman of the Board, an executive Director and a controlling Shareholder, the brother of Mr. KY Ma and the father of Mr. John Ma
“Mr. KY Ma”	Mr. Ma Kai Yum, the chairman of the Board, an executive Director and a substantial Shareholder and the brother of Mr. KC Ma
“Placing Agent”	Wings Securities (HK) Limited, a licensed corporation to carry on Type 1 regulated activity under the SFO, the exclusive agent of the Company to the Share Placing
“Placing Shares”	an aggregate of 125,708,754 new Shares placed pursuant to the Share Placing Agreement and each a “Placing Share”
“RMB50 Million Loan A”	a loan in the principal amount of RMB50 million provided by Mr. KC Ma to Mr. Ng Sze Ping, an Independent Third Party, pursuant to a loan agreement dated 8 October 2018
“RMB50 Million Loan B”	a loan in the principal amount of RMB50 million provided by Mr. KY Ma to Mr. Ng Sze Ping, an Independent Third Party, pursuant to a loan agreement dated 8 October 2018
“Rainbow Choice”	Rainbow Choice Holding Group Limited, a company wholly owned by Ms. Chen Zhu Zhen, the spouse of Mr. Ng Sze Ping
“Relevant Period”	the period commencing on the date falling six months immediately preceding the Announcement and ending on the Latest Practicable Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

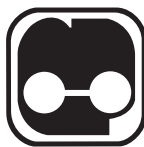
DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at 26/F., Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong at 11:00 a.m. on Tuesday, 1 June 2021 for the Independent Shareholders to consider and, if thought fit, approve, among others, the Shares Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver and the proposed re-election of the Director
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company and each a “Share”
“Share Placee(s)”	any professional, institutional and/or other investor(s) procured and selected by the Placing Agent in its sole discretion to subscribe for any of the Placing Shares
“Share Placing”	the offer by way of private placing of the 125,708,754 Placing Shares by or on behalf of the Placing Agent to the Share Placee(s) on the terms and subject to the conditions set out in the Share Placing Agreement, which was completed on 31 March 2021
“Share Placing Agreement”	the conditional placing agreement dated 8 March 2021 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the Share Placing
“Share Placing Price”	HK\$0.45 per Placing Share
“Share Option(s)”	the options granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 24 August 2015
“Shares Subscription”	the subscription of the Subscription Shares at the Subscription Price by the Subscribers pursuant to the Shares Subscription Agreement
“Shares Subscription Agreement”	the conditional subscription agreement dated 8 March 2021 and entered into between the Company and the Subscribers in relation to the Shares Subscription
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Mr. KC Ma and Mr. KY Ma
“Subscription Price”	HK\$0.45 per Subscription Share
“Subscription Shares”	188,563,130 new Shares to be issued by the Company to the Subscribers pursuant to the Shares Subscription
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscribers to make a mandatory general offer for all the issued Shares and other securities of the Company other than those already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them which might otherwise arise as a result of the Subscribers subscribing for the Subscription Shares under the Shares Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



佳寧娜集團控股有限公司
CARRIANNA GROUP HOLDINGS COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00126)

Executive Directors:

Ma Kai Cheung, *PhD, SBS, BBS (Honorary Chairman)*
Ma Kai Yum, *PhD (Chairman)*
Ma Hung Ming, John, *PhD, BBS, JP (Vice-chairman)*
Liang Rui *(Chief Executive Officer)*
Chan Francis Ping Kuen

Independent non-executive Directors:

Lo Ming Chi, Charles
Lo Man Kit, Sam
Wong See King

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal Place of

Business in Hong Kong:
26th Floor
Wylar Centre, Phase II
200 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

10 May 2021

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO THE
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) RE-ELECTION OF DIRECTOR; AND
(4) NOTICE OF SGM**

INTRODUCTION

Reference is made to the Announcement dated 8 March 2021 made by the Company in relation to, among others matters, the Shares Subscription, the Specific Mandate and the Whitewash Waiver. On 8 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Shares Subscription Agreement with the Subscribers, pursuant to which, (i) the Company has conditionally agreed to allot and issue, and Mr. KC Ma has conditionally agreed to

LETTER FROM THE BOARD

subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25; and (ii) the Company has conditionally agreed to allot and issue, and Mr. KY Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25.

The purpose of this circular is to provide you with, among other things, (i) further details of the Shares Subscription Agreement (including the Specific Mandate); (ii) the Whitewash Waiver; (iii) recommendation of the IBC to the Independent Shareholders; (iv) the letter of advice from the IFA to the IBC and the Independent Shareholders in relation to the Shares Subscription Agreement, the Specific Mandate and the Whitewash Waiver; (v) the valuation report of the properties of the Group prepared in compliance with Chapter 5 of the Listing Rules and Rule 11 of the Takeovers Code; (vi) details of the Director proposed to be re-elected at the SGM; and (vii) a notice of the SGM.

THE SHARES SUBSCRIPTION AGREEMENT

Date: 8 March 2021 (after trading hours)

Parties:

Issuer	The Company
Subscribers	Mr. KC Ma and Mr. KY Ma

Information of the Subscribers and Ma Family

Mr. KC Ma is the honorary chairman of the Board, an executive Director and a controlling Shareholder, the brother of Mr. KY Ma and father of Mr. John Ma. Mr. KY Ma is the chairman of the Board, an executive Director, a substantial Shareholder of the Company and the brother of Mr. KC Ma. Mr. John Ma is the vice-chairman of the Board and an executive Director, and the son of Mr. KC Ma. As at the Latest Practicable Date, Mr. KC Ma, Mr. KY Ma, Mr. John Ma and the parties acting in concert with them own an aggregate of 624,590,881 Shares, representing approximately 45.17% of the issued share capital of the Company, among which (i) as to 204,288,044 Shares are held by Mr. KC Ma; (ii) as to 184,121,625 Shares and 75,007,400 Shares are held by Regent World Investments Limited (“**Regent World**”) and Bond Well Investments Limited (“**Bond Well**”) respectively; the entire issued share capital of Regent World and 70% of the issued share capital of Bond Well are owned by a discretionary trust which Mr. KC Ma and his family are the objects of that discretionary trust; the remaining 30% of the issued share capital of Bond Well is owned by a discretionary trust which Mr. KY Ma and his family are the objects of it; (iii) as to 7,050,000 Shares are held by Ms. Cheung Lin Kiu, the spouse of Mr. KC Ma; (iv) as to 47,202,772 Shares are held by Mr. KY Ma; (v) as to 74,651,040 Shares and 19,050,000 Shares are held by Grand Wealth Investments Limited (“**Grand Wealth**”) and Peaceful World Limited (“**Peaceful World**”) respectively; the entire issued share capital of Grand Wealth and

LETTER FROM THE BOARD

Peaceful World are owned by a discretionary trust which Mr. KY Ma and his family are the objects of that discretionary trust; (vi) as to 7,500,000 Shares are held by Real Potential Limited (“**Real Potential**”), the entire issued share capital of which is owned by Peaceful World; (vii) as to 3,200,000 Shares are held by Ms. Kwok Kit Mei, the spouse of Mr. KY Ma; (viii) as to 476,000 Shares are held by Mr. John Ma; and (ix) as to 2,044,000 Shares are held by Ms. Choi Ka Man, Carmen, the spouse of Mr. John Ma.

As at the Latest Practicable Date, Mr. KC Ma has a security interest over 62,714,377 Shares, representing approximately 4.54% of the issued share capital of the Company which were charged in favour of him by Rainbow Choice as security for the RMB50 Million Loan A. The purpose of the RMB50 Million Loan A was for the investment of the real estate development project in Shenzhen, China by Mr. Ng Sze Ping, the borrower. As at the Latest Practicable Date, the voting rights of the 62,714,377 Shares charged by Rainbow Choice as security for the RMB50 Million Loan A are still vested with Rainbow Choice. The Subscribers and parties acting in concert with them do not have any control of such voting rights. Apart from the RMB50 Million Loan A, the relevant share charge, custodian agreement among Mr. KC Ma, Rainbow Choice and a third party custodian for the charged Shares and the personal guarantee given by Ms. Chen Zhu Zhen, the spouse of Mr. Ng Sze Ping in respect of the RMB50 Million Loan A, there is no other relationship between Rainbow Choice, Ms. Chen Zhu Zhen, Mr. Ng Sze Ping and Mr. KC Ma.

As at the Latest Practicable Date, Mr. KY Ma has a security interest over another 62,714,377 Shares (which is different from the 62,714,377 Shares charged in respect of the RMB50 Million Loan A), representing approximately 4.54% of the issued share capital of the Company which were charged in favour of him by Rainbow Choice as security for the RMB50 Million Loan B. The purpose of the RMB50 Million Loan B was for the investment of the real estate development project in Shenzhen, China by Mr. Ng Sze Ping, the borrower. As at the Latest Practicable Date, the voting rights of the 62,714,377 Shares charged by Rainbow Choice as security for the RMB50 Million Loan B are still vested with Rainbow Choice. The Subscribers and parties acting in concert with them do not have any control of such voting rights. Apart from the RMB50 Million Loan B, the relevant share charge, custodian agreement among Mr. KY Ma, Rainbow Choice and a third party custodian for the charged Shares and the personal guarantee given by Ms. Chen Zhu Zhen in respect of the RMB50 Million Loan B, there is no other relationship between Rainbow Choice, Ms. Chen Zhu Zhen, Mr. Ng Sze Ping and Mr. KY Ma.

As at the Latest Practicable Date, Mr. John Ma holds 1,000,000 Share Options which are exercisable from 20 February 2020 to 19 February 2025 and 1,000,000 Share Options which are exercisable from 20 February 2021 to 19 February 2026.

As at the Latest Practicable Date, save as disclosed above, the Subscribers and parties acting in concert with them do not hold any other securities of the Company.

LETTER FROM THE BOARD

Rainbow Choice is not acting in concert with the Subscribers and the parties acting in concert with them. Rainbow Choice shall abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

Future intentions of the Subscribers regarding the Group

The Subscribers intend to continue the existing principal businesses of the Group and has no intention to (i) discontinue the employment of any employees of the Group; (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) change the current Board composition. The Subscribers and the Company also intend to maintain the listing of the Shares on the Stock Exchange following the completion of the Shares Subscription.

The Subscription Shares

Pursuant to the Shares Subscription Agreement, (i) the Company has conditionally agreed to allot and issue, and Mr. KC Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of approximately HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25; and (ii) the Company has conditionally agreed to allot and issue, and Mr. KY Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of approximately HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25. The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.10 each) is HK\$18,856,313.

Assuming no outstanding Share Options being exercised, the Subscription Shares represent:

- (a) approximately 13.64% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 12.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate. The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.45 per Subscription Share represents:

- (a) a discount of 10% to the closing price of HK\$0.500 per Share on the date of the Shares Subscription Agreement;
- (b) a discount of approximately 12.45% to the average closing price of HK\$0.514 per Share for the last 5 consecutive trading days immediately prior to date of the Shares Subscription Agreement;
- (c) a discount of approximately 16.67% to the closing price of HK\$0.54 per Share on the Latest Practicable Date;
- (d) a discount of approximately 13.46% to the closing price of HK\$0.52 per Share on the Last Trading Date;
- (e) a discount of approximately 12.96% to the average closing price of HK\$0.517 per Share for the last 10 consecutive trading days immediately prior to the date of the Shares Subscription Agreement;
- (f) a discount of approximately 12.45% to the average closing price of HK\$0.514 per Share for the last 15 consecutive trading days immediately prior to the date of the Shares Subscription Agreement;
- (g) a discount of approximately 10% to the average closing price of HK\$0.500 per Share for the last 20 consecutive trading days immediately prior to the date of the Shares Subscription Agreement;
- (h) a discount of approximately 83.22% to the net asset value of approximately HK\$2.681 per Share based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$3,707,361,000 as at 30 September 2020 and 1,382,796,290 Shares in issue;
- (i) a discount of approximately 82.54% to the net asset value of approximately HK\$2.577 per Share based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$3,563,004,000 as at 31 March 2020 and 1,382,796,290 Shares in issue;
- (j) a discount of approximately 85.52% to the adjusted net asset value of approximately HK\$3.107 per Share based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$3,707,361,000 as at 30 September 2020, the adjustment in the unaudited consolidated net asset value of HK\$588,787,000 representing the difference between the value of the properties of the Group as shown in the valuation report in Appendix III to this circular and the book value of the properties of the Group as at 30 September 2020 and 1,382,796,290 Shares in issue; and

LETTER FROM THE BOARD

- (k) a discount of approximately 85.63% to the adjusted net asset value of approximately HK\$3.132 per Share based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$3,563,004,000 as at 31 March 2020, the adjustment in the unaudited consolidated net asset value of HK\$767,589,000 representing the difference between the value of the properties of the Group as shown in the valuation report in Appendix III to this circular and the book value of the properties of the Group as at 31 March 2020 and 1,382,796,290 Shares in issue.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares and the trading performance of the Shares. The Board (excluding the independent non-executive Directors whose views are expressed in the letter from the IBC contained in this circular after taking into consideration of the advice from the IFA and excluding the Subscribers who abstained from voting on the relevant resolutions at the Board meeting approving the Shares Subscription Agreement) is of the view that the Subscription Price, which represented a discount to the unaudited consolidated net asset value per Share as at 30 September 2020, is fair and reasonable, after taking into consideration of (i) the discount to the unaudited consolidated net asset value per Share as at 30 September 2020 of the Subscription Price is not lower than the discount of the Placing Price; (ii) the closing Share prices during the period of 12 months immediately prior to the date of the Shares Subscription Agreement were all traded below the net asset value and the adjusted net asset value (taking into account the value of the properties of the Group as shown in the valuation report in Appendix III to this circular) of the Group and low liquidity of the Shares; (iii) the price-to-earnings ratio of the Subscription Price of approximately 40.05 times based on the profit attributable to owners of the Company for the year ended 31 March 2020 and the market capitalisation of the Company as at the date of the Shares Subscription Agreement; and (iv) the deteriorated market sentiment of the Group's restaurant and food business under the outbreak of COVID-19, given that for the years ended 31 March 2019 and 31 March 2020 and the six months ended 30 September 2020, over 50% of the Group's revenue being generated from the restaurant operations and sales of food products have been severely affected by the COVID-19 pandemic and the social distancing measures imposed by the government.

Conditions precedent

Completion of the Shares Subscription is conditional upon satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares and such listing and permission not subsequently being revoked;

LETTER FROM THE BOARD

- (b) the approval by more than 50% of the votes cast by the Independent Shareholders at the SGM in respect of the Shares Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate and at least 75% of the votes cast by the Independent Shareholders at the SGM in respect of the Whitewash Waiver, respectively and all other consents and acts required under the Listing Rules and the Takeovers Code (including but not limited to the allotment and issue of the Subscription Shares, the Specific Mandate and the Whitewash Waiver) having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange and the SFC;
- (c) the representations and warranties given by the Company remaining true and correct in all material respects;
- (d) the representations and warranties given by the Subscribers remaining true and correct in all material respects;
- (e) all necessary consents and approvals to be obtained on the part of the Company in respect of the Shares Subscription Agreement and the transactions contemplated thereunder having been obtained, including the listing approval granted by the Stock Exchange as set out in paragraph (a) above, the approval by the Independent Shareholders as set out in paragraph (b) above and the approval of the Shares Subscription Agreement and the transactions contemplated thereunder by the Board;
- (f) all necessary consents and approvals to be obtained on the part of the Subscribers in respect of the Shares Subscription Agreement and the transactions contemplated thereunder having been obtained (if any); and
- (g) the granting of the Whitewash Waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the Subscribers to make a mandatory general offer for all the issued Shares and the other securities of the Company other than those already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them as a result of the Shares Subscription by the Executive.

None of the above conditions are waivable. In the event the above conditions are not fulfilled by 5:00 p.m. on 30 June 2021 (or such other time and date as may be agreed by the Company and the Subscribers in writing), all rights, obligations and liabilities of the parties to the Shares Subscription Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

LETTER FROM THE BOARD

Save as disclosed, there are no other necessary consents and approvals which are required to be obtained by the Company in respect of the Shares Subscription Agreement and the transactions contemplated thereunder. There are no consents and approvals which are required to be obtained by the Subscribers in respect of the Shares Subscription Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, condition (f) has been fulfilled.

Completion of the Shares Subscription

Completion of the Shares Subscription shall take place at 4:00 p.m. on the third Business Day (or such other date and time as may be agreed by the Company and the Subscribers) after the satisfaction of the conditions under the Shares Subscription Agreement.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Each of the Subscribers and the parties acting in concert with them has confirmed that, save for the Shares Subscription, neither the Subscribers nor any persons acting in concert with any of them:

- (a) has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of the Announcement;
- (b) save as disclosed in the section headed “Information of the Subscribers and Ma Family”, owns any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and which might be material to the transactions contemplated under the Shares Subscription Agreement and/or the Whitewash Waiver;
- (d) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Shares Subscription Agreement and/or the Whitewash Waiver;
- (e) has any agreements or arrangements to which he is a party which relate to the circumstances in which he may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Shares Subscription Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable);
- (f) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

LETTER FROM THE BOARD

- (g) save for the RMB50 Million Loan A, the RMB50 Million Loan B, the charge over an aggregate of 125,428,754 Shares created by Rainbow Choice in favour of Mr. KC Ma and Mr. KY Ma, the custodian arrangement for the charged Shares and the personal guarantees given by Ms. Chen Chu Zhen in relation thereto, has any understanding, arrangement or agreement or special deal between (1) any Shareholder; and (2)(a) the Subscribers and any party acting in concert with them, or (b) the Company, its subsidiaries or associated companies; and
- (h) has any dealings in any securities of the Company within the six months prior to the date of the Announcement.

REASONS FOR THE SHARES SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in investment holding, property investment and development, and the operations of hotel, restaurant and food businesses.

The maximum gross proceeds from the Shares Subscription will be approximately HK\$84,853,000. The maximum net proceeds (after deducting placing commission and other relevant costs and expenses) from the Shares Subscription will be approximately HK\$83,893,000. On such basis, the net issue price will be approximately HK\$0.4449 per Subscription Share.

The net proceeds from the Share Placing (after deduction of placing commission and other relevant costs and expenses) are approximately HK\$55.8 million, which are intended to be used for partial repayment of bank borrowings which is expected to be utilised within the year ending 31 March 2022. The maximum net proceeds from the Shares Subscription of approximately HK\$83.9 million are intended to be used as to approximately HK\$34.9 million for repayment of bank borrowings which is expected to be utilised within the year ending 31 March 2022; as to approximately HK\$14.2 million for the salary expense, directors' fee and consultancy fee of the Group; as to approximately HK\$6 million for professional fee; as to approximately HK\$12.2 million for utility and administrative expenses; and as to approximately HK\$16.6 million for rental expenses which is expected to be utilised within the twelve months after completion of the Shares Subscription.

The Directors consider that the Shares Subscription will provide additional funding for the Group's operation and business development during such difficult operation environment due to the outbreak of the COVID-19 and lockdown and disruption to economic activities in the Mainland and Hong Kong, especially in the restaurant, food and hotel industries, strengthen the Group's capital base and financial position and reduce its indebtedness in order to improve its gearing position.

LETTER FROM THE BOARD

The Directors (other than Mr. KC Ma and Mr. KY Ma, who are the Subscribers and were required to abstain from voting on the relevant Board resolution(s) approving the Shares Subscription Agreement by virtue of them having a material interest in the Shares Subscription, and excluding the members of the IBC, who have expressed their views in the letter from the IBC contained in this circular after considering the advice of the IFA as to the fairness and reasonableness of the Shares Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver and the Specific Mandate) consider that the terms and conditions of the Shares Subscription Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Group and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Share Placing

The Company conducted the Share Placing which was completed on 31 March 2021 in accordance with the terms and conditions of the Share Placing Agreement as stated in the announcements of the Company dated 8 March 2021 and 31 March 2021. Under the Share Placing, an aggregate of 125,708,754 Shares were placed to not less than six Share Placees who and whose ultimate beneficial owners are Independent Third Parties and were not shareholders of the Company prior to completion of the Share Placing. The net proceeds (after deduction of placing commission and other relevant costs and expenses) from the Share Placing were approximately HK\$55,780,000 which were intended to be used for partial repayment of bank borrowings. The Company has utilised approximately HK\$15 million for partial repayment of bank borrowings.

Save for the Share Placing, the Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after completion of the Shares Subscription are set out below:

Shareholders	At as the Latest Practicable Date		Immediately after completion of the Shares Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. KC Ma	204,288,044	14.77	298,569,609	19.00
Regent World	184,121,625	13.32	184,121,625	11.72
Bond Well	75,007,400	5.43	75,007,400	4.77
Ms. Cheung Lin Kiu	7,050,000	0.51	7,050,000	0.45
Mr. KY Ma	47,202,772	3.41	141,484,337	9.01
Grand Wealth	74,651,040	5.40	74,651,040	4.75
Peaceful World	19,050,000	1.38	19,050,000	1.21
Real Potential	7,500,000	0.54	7,500,000	0.48
Ms. Kwok Kit Mei	3,200,000	0.23	3,200,000	0.20
Mr. John Ma	476,000	0.03	476,000	0.03
Ms. Choi Ka Man, Carmen	2,044,000	0.15	2,044,000	0.13
The Subscribers and parties acting in concert with them	624,590,881	45.17	813,154,011	51.75
Rainbow Choice (<i>Note</i>)	125,428,754	9.07	125,428,754	7.98
the Share Placees	125,708,754	9.09	125,708,754	8.00
Other Shareholders	507,067,901	36.67	507,067,901	32.27
Total	1,382,796,290	100.00	1,571,359,420	100.00

Note: On 9 October 2018, Rainbow Choice (a company wholly-owned by Ms. Chen Chu Zhen, being the spouse of Mr. Ng Sze Ping) charged (i) 62,714,377 Shares in favour of Mr. KC Ma as security for the RMB50 Million Loan A; and (ii) another 62,714,377 Shares in favour of Mr. KY Ma. as security for the RMB50 million Loan B. Apart from the RMB50 Million Loan A and the RMB50 Million Loan B, the relevant share charges, custodian agreements and the personal guarantees given by Ms. Chen Chu Zhen in respect of the RMB50 Million Loan A and the RMB50 Million Loan B, there is no other relationship between Rainbow Choice, Ms. Chen Zhu Zhen, Mr. Ng Sze Ping Mr. KC Ma and Mr. KY Ma.

As at the Latest Practicable Date, there are 11,600,000 outstanding Share Options with an exercise price of HK\$0.714 per Share Option which entitle the holders of the Share Options to subscribe for 11,600,000 Shares under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

Application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

Upon completion of the Share Placing of the 125,708,754 Placing Shares placed by the Placing Agent, the shareholding of the Subscribers and parties acting in concert with them in the Company decreased from approximately 49.69% to approximately 45.17% of the issued share capital of the Company.

Upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 51.75% of the issued share capital of the Company. Given that the Shares Subscription has the effect of increasing the holding of voting rights in the Company by the Subscribers and parties acting in concert with them by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of completion of the Shares Subscription, unless the Whitewash Waiver is granted, the Subscribers are under an obligation to make a mandatory general offer to acquire all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code.

An application has been made to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Shares Subscription and the Specific Mandate, respectively, at the SGM. The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Shares Subscription will not proceed.

The Subscribers have applied to the Executive and the Executive has indicated that it is minded to grant the Whitewash Waiver subject to approval of Independent Shareholders in respect of the allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the Subscribers are executive Directors and substantial Shareholders, the Subscribers are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the Shares Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders' approval requirements. The Subscribers and their respective associates, i.e. Regent World, Bond Well, Ms. Cheung Lin Kiu, Grand Wealth, Peaceful World, Real Potential, Ms. Kwok Kit Mei, Mr. John Ma, Ms. Choi Ka Man, Carmen, will abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM. The respective shareholding in the Company of the Subscribers and their respective associates as at the Latest Practicable Date are disclosed in the section headed "Effects on shareholding structure of the Company" in this circular. As at the Latest Practicable Date, the voting rights of the Shares held by the respective associates of the Subscribers are vested with the respective associates.

As Rainbow Choice charged 62,714,377 Shares in favour of Mr. KC Ma as security for the RMB50 Million Loan A and another 62,714,377 Shares in favour of Mr. KY Ma as security for the RMB50 Million Loan B, Rainbow Choice shall also abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has, pursuant to the Takeovers Code and the Listing Rules, formed the IBC comprising Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King, being all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver and as to voting at the SGM.

Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the IFA with the approval of the IBC to advise the IBC and the Independent Shareholders in respect of the Shares Subscription, the Specific Mandate and the Whitewash Waiver.

LETTER FROM THE BOARD

RE-ELECTION OF THE DIRECTOR

Reference is made to the announcement of the Company dated 10 December 2020, in which Mr. Liang Rui was appointed as an executive Director with effect from 2 January 2021. Pursuant to provision A.4.2. of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Liang Rui who was appointed as an executive Director as a casual vacancy shall retire from office and being eligible, offered himself for re-election at the SGM. Details of Mr. Liang Rui are set out in Appendix IV to this circular in accordance with the relevant requirements of the Listing Rules.

SGM

A notice convening the SGM to be held at 26/F., Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Tuesday, 1 June 2021 at 11:00 a.m. is set out on pages 138 to 140 of this circular. The SGM will be held for the Independent Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Shares Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate); (ii) the Whitewash Waiver; and (iii) the proposed re-election of Director.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, 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 SGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish.

The Subscribers and their respective associates and any parties acting in concert with them and Rainbow Choice are required to abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

RECOMMENDATION

The Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the IBC contained in this circular after taking into consideration of the advice from the IFA and excluding the Subscribers who abstained from voting on the relevant resolutions at the Board meeting approving the Shares Subscription Agreement), consider the terms of each of the Shares Subscription, the Specific Mandate and the Whitewash Waiver are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Shares Subscription, the Specific Mandate and the Whitewash Waiver to be proposed at the SGM.

LETTER FROM THE BOARD

The Board is also of view that the re-election of the Director is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

The recommendation of the IBC is set out on pages 21 to 22 in this circular and the letter from the IFA is set out on pages 23 to 59 in this circular.

ADDITIONAL INFORMATION

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

Since completion of the Shares Subscription is subject to the fulfilment of the condition as set out in the Shares Subscription Agreement, the Shares Subscription may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Shares Subscription and the grant of the Specific Mandate, respectively, at the SGM. Completion of the Shares Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, immediately upon issuance of the Subscription Shares, the shareholding of the Subscribers and parties acting in concert with any of them in the Company will exceed 50% of the voting rights of the Company. The Subscribers and parties acting in concert with them may increase their shareholding without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Yours faithfully

For and on behalf of the Board

Carrianna Group Holdings Company Limited

Dr. Ma Kai Yum

Chairman

LETTER FROM THE IBC

The following is the text of a letter of advice from the IBC setting out its recommendation to the Independent Shareholders for the purpose of inclusion in this circular.



佳寧娜集團控股有限公司
CARRIANNA GROUP HOLDINGS COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00126)

10 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO THE
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE; AND
(2) APPLICATION FOR WHITEWASH WAIVER;**

We refer to the circular of Carrianna Group Holdings Company Limited (the “**Company**”) dated 10 May 2021 (the “**Circular**”) to the shareholders of the Company, of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as members of the IBC to advise the Independent Shareholders as to whether the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholder are concerned and to advise the Independent Shareholders how to vote at the SGM.

Messis Capital Limited has been approved by us as the IFA and has been appointed to act as the IFA to advise the IBC and the Independent Shareholders in respect of the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver. The text of the letter of advice from IFA containing their recommendation and the principal factors they have taken into account in arriving at their recommendation is set out on pages 23 to 59 of the Circular.

LETTER FROM THE IBC

Independent Shareholders are recommended to read the letter of advice from the IFA, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular. Having considered the terms of the Shares Subscription and the advice from the IFA, we consider that the terms of the Shares Subscription and the transactions contemplated thereunder (including but not limited to the Specific Mandate), and the Whitewash Waiver are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Shares Subscription, the Specific Mandate and the Whitewash Waiver to be proposed at the SGM.

Yours faithfully,

For and on behalf of
the IBC of

Carrianna Group Holdings Company Limited

Mr. Lo Ming Chi, Charles

*Independent non-executive
Director*

Mr. Lo Man Kit, Sam

*Independent non-executive
Director*

Mr. Wong See King

*Independent non-executive
Director*

LETTER FROM THE IFA

The following is the full text of the letter from Messis Capital which sets out its advice to the IBC and the Independent Shareholders for inclusion in this Circular.



10 May 2021

*To: The IBC and the Independent Shareholders
of Carrianna Group Holdings Company Limited*

Dear Sir/Madam,

(1) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the IFA, as approved by the IBC, to advise the IBC and the Independent Shareholders in respect of the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 10 May 2021 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

Reference is made to the Announcement and the Letter from the Board that, on 8 March 2021, the Company entered into the Shares Subscription Agreement with the Subscribers, pursuant to which, (i) the Company has conditionally agreed to allot and issue, and Mr. KC Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25; and (ii) the Company has conditionally agreed to allot and issue, and Mr. KY Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate.

As the Subscribers are executive Directors and substantial Shareholders, the Subscribers are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the Shares Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements. The Subscribers and their respective associates will abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

LETTER FROM THE IFA

As Rainbow Choice charged 62,714,377 Shares in favour of Mr. KC Ma as security for the RMB50 Million Loan A and another 62,714,377 Shares in favour of Mr. KY Ma as security for the RMB50 Million Loan B, Rainbow Choice shall also abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

Reference is also made to the Announcement that on 8 March 2021, the Placing Agent and the Company entered into the Share Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 125,708,754 Placing Shares at the Share Placing Price of HK\$0.45 per Placing Share to not less than six Share Placees who and whose ultimate beneficial owners are Independent Third Parties. The maximum gross proceeds from the Share Placing will be approximately HK\$56,569,000. The Placing Shares will be allotted and issued pursuant to the general mandate of the Company. According to the Company's announcement dated 31 March 2021, the Share Placing was completed and the net proceeds (after deduction of placing commission and other relevant costs and expenses) were approximately HK\$55.8 million.

As at the Latest Practicable Date, after the completion of the Share Placing and 125,708,754 Placing Shares placed by the Placing Agent, the shareholding of the Subscribers and parties acting in concert with them in the Company decreased from approximately 49.69% to approximately 45.17% of the issued share capital of the Company.

Upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 51.75% of the issued share capital of the Company. Given that the Shares Subscription has the effect of increasing the holding of voting rights in the Company by the Subscribers and parties acting in concert with them by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of completion of the Shares Subscription, unless the Whitewash Waiver is granted, the Subscribers are under an obligation to make a mandatory general offer to acquire all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code.

An application has been made to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Shares Subscription and the Specific Mandate, respectively, at the SGM. The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Shares Subscription will not proceed.

LETTER FROM THE IFA

The SGM will be held to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Shares Subscription Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate; and (iii) the Whitewash Waiver. The voting in relation to the Shares Subscription Agreement, the Specific Mandate and the Whitewash Waiver at the SGM will be conducted by way of a poll whereby the Subscribers and parties acting in concert with them and their respective associates, Rainbow Choice and other Shareholders who are interested or involved in the Shares Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) to be proposed at the SGM to approve the Shares Subscription Agreement, the Specific Mandate and the Whitewash Waiver.

The IBC, comprising all non-executive Directors (including independent non-executive Directors) who have no direct or indirect interest in the Shares Subscription Agreement, the Specific Mandate and the Whitewash Waiver, namely Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver pursuant to the Takeovers Code. We, Messis Capital, have been appointed with IBC approval as the IFA to advise the IBC and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated with any of the Company, the Group and the Subscribers, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered eligible to give independent advice on the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver. In the past two years from the date of our appointment, we have not acted as the IFA to the IBC and the Independent Shareholders of the Company. Apart from normal professional fees paid or payable to us in connection with this appointment as the IFA, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are eligible to give independent advice pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code to act as the IFA to the IBC and the Independent Shareholders in respect of the Shares Subscription and the transactions contemplated thereunder.

LETTER FROM THE IFA

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and advice, we have relied on the statements, information, opinions and representations contained or referred to in this circular and the representations made to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the circular, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public information.

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

Our review and analyses were based upon, among other things, the information provided by the Company including the announcements and this circular and certain published information from the public domain including trading performance of the Shares on the Stock Exchange, information set out in this circular and the annual report of the Company for the year ended 31 March 2019 (the “**2019 Annual Report**”), the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2020 (the “**Interim Report**”). We consider that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent investigation into the business, affairs, borrowing and financial position or prospects of the Company, the Group or the Subscribers, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them, and the parties involved in the Shares Subscription.

LETTER FROM THE IFA

This letter is issued for the information of the IBC and the Independent Shareholders solely in connection with their consideration of the Shares Subscription Agreement and the transactions contemplated thereunder, and except for its inclusion in this circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the terms of the Shares Subscription Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons as set out below:

1. Background information of the Group

(a) Principal business of the Group

The Company is a Hong Kong-based investment holding company principally engaged in food and restaurant-related businesses and property investment and development in Hong Kong and China. The Company operates through two segments: (i) the restaurant, food and hotel segment refers to restaurant and hotel operations and the provision of food and beverage services; and (ii) the property investment and development segment refers to the development and sales of properties, as well as the leasing of residential, commercial and industrial properties.

LETTER FROM THE IFA

(b) Historical financial performance of the Group

Set out below is a summary of the audited financial results of the Group for the three years ended 31 March 2018, 2019 and 2020 (“FY2018”, “FY2019” and “FY2020”) as extracted from the 2019 Annual Report and the 2020 Annual Report and the unaudited financial results of the Group for the six months ended 30 September 2019 and 2020 (“FP2019” and “FP2020”) as extracted from the Interim Report:

	For the year ended 31 March			For the six months ended 30 September	
	2018	2019	2020	2019	2020
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	932,620	970,210	1,031,070	572,958	475,968
Gross profit	455,193	470,314	477,658	352,139	288,985
Gross profit margin	48.8%	48.5%	46.3%	61.5%	60.7%
Profit for the year/period attributable to owners of the Company	<u>317,017</u>	<u>277,958</u>	<u>14,123</u>	<u>48,600</u>	<u>87,374</u>
Segment revenue:					
– Restaurant, food and hotel	813,085	855,723	768,403	519,761	433,457
– Property investment and development	119,535	114,487	262,667	53,197	42,511
Segment results:					
– Restaurant, food and hotel	98,809	93,795	22,634	83,530	113,126
– Property investment and development	453,576	293,770	137,731	48,688	55,694

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(i) Comparison between FP2020 and FP2019

The Group's revenue decreased from approximately HK\$573.0 million in FP2019 to approximately HK\$476.0 million in FP2020, representing a decrease of approximately HK\$97.0 million or 16.9%, which was mainly attributable to the decrease in revenue generated from the restaurant and hotel business of approximately HK\$86.3 million due to the COVID-19 pandemic during the period under the implementation of government policies on social distancing and restrictions on restaurant business including the number of people dining and closing time of restaurants. In addition, the Group's management has taken prompt decision to close down the loss-making restaurants which also contributed to the decrease in revenue generated from restaurants. The Group's revenue from the property investment and development segment also decreased from approximately HK\$53.2 million in FP2019 to approximately HK\$42.5 million in FP2020, representing a decrease of approximately HK\$10.7 million, which was mainly attributable to the sale of a Hong Kong property in FP2019 and coupling with the rental concessions due to the outbreak of COVID-19, resulting in the decrease in rental income during the period. The Group's rental income from investment properties slightly decreased from approximately HK\$47.4 million in FY2019 to approximately HK\$41.9 million in FP2020, representing a decrease of approximately 11.6%, which was mainly attributable to the combined effect of (i) the slight growth in rental income from Hong Kong due to new additions to the investment properties portfolio; and (ii) the decrease in rental income from the PRC, namely the Shenzhen Carrianna Friendship Square and Shenzhen Imperial Palace, due to the offer of rental concessions to the tenants during the period of the COVID-19 outbreak.

The Group's net profit attributable to shareholders was approximately HK\$87.4 million in FP2020 as compared to that of approximately HK\$48.6 million in FP2019, representing an increase of approximately HK\$38.8 million or 79.8%. Such increase in profit was mainly due to (i) the improvement in operating results of the restaurant, food and hotel business under the support by the government subsidy of the "Employment Support Scheme" and the Group's management decisive measures to control costs including rental, labour and food costs; and (ii) the improvement in the operating results of the property investment and development business due to the Shenzhen investment properties as a result of stringent cost controls, in particular the segment results included profits from the Group's rental business from its investment properties of approximately HK\$26.9 million and a balance of net gain of approximately HK\$28.8 million mainly as a result from the revaluation gain of investment properties and partially set off by the share of loss of associates.

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(ii) Comparison between FY2020 and FY2019

The Group's revenue slightly increased by approximately HK\$60.9 million or 6.3% from approximately HK\$970.2 million in FY2019 to approximately HK\$1,031.1 million in FY2020, which was mainly due to the combined effect of (i) the decrease in revenue from the restaurant, food and hotel business of approximately HK\$87.3 million, as a result from the decrease in mooncake sales, as well as restaurant and hotel businesses during the outbreak of COVID-19 in the last quarter of FY2020; and (ii) the increase in revenue from the property investment and development business of approximately HK\$148.2 million, as a result from the sale of land and the construction in progress situated on it for approximately HK\$179.8 million of the Lianyungang project, which was partly offset by the slight decrease in rental income during the outbreak of COVID-19 in the last quarter of FY2020.

The Group's net profit attributable to shareholders was approximately HK\$14.1 million for FY2020 as compared to that of approximately HK\$278.0 million for FY2019, representing a significant decrease of approximately HK\$263.9 million or 94.9%. Such decrease was mainly due to the combined effect of (i) the increase in gross profit of approximately HK\$7.3 million due to the slight increase in revenue as mentioned above; (ii) the increase in other income and gains of approximately HK\$37.1 million due to the increase of valuation gains on investment properties; (iii) the increase in finance costs of approximately HK\$23.9 million as a result from the increased drawdown of interest-bearing bank and other borrowings; and (iv) the significant decrease in share of result of an associate of approximately HK\$328.4 million, mainly due to the absence of a significant fair value gain of investment properties of approximately HK\$297.4 million which was recorded in FY2019. The Group's material associate, namely South China International Purchasing Exchange Centre Limited ("SCI"), is an investment holding company and is 50% held by the Group. SCI and its subsidiaries are mainly engaged in property investment and development in China and is considered a material associate of the Group which, in the opinion of the Directors, is strategic to the Group's property investment and development operating segment.

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(iii) Comparison between FY2019 and FY2018

The Group's revenue slightly increased by approximately HK\$37.6 million or 4.0% from approximately HK\$932.6 million in FY2018 to approximately HK\$970.2 million in FY2019, which was mainly due to combined effect of (i) the increase in revenue from the restaurant, food and hotel business of approximately HK\$42.6 million due to the newly opened Korean food restaurant and Thai food restaurant in Causeway Bay, as well as the increased revenue of Carrianna restaurants in Hong Kong and the newly opened Carrianna restaurant in Dongguan, increased mooncake sales which was offset by the slight decrease in bread and hotel business; and (ii) the slight decrease in the property investment and development business of approximately HK\$5.0 million due to decreased property sales of the remaining Hunan Grand Lake City residential units before the disposal of the Hunan property project in FY2018 which was also offset by the slight increase in rental income.

The Group's net profit attributable to shareholders was approximately HK\$278.0 million in FY2019 as compared to that of approximately HK\$317.0 million for FY2018, representing a slight decrease of approximately HK\$39.0 million or 12.3%. Such decrease was mainly attributable to (i) the decrease in operating profit in the restaurant, food and hotel business due to the additional pre-operating expenses in opening new restaurants; and (ii) the decrease in operating profit of the property investment and development business mainly due to the booking of the large property sales revenue and profit by the Group's 50%-owned Dongguan Home Town project in FY2018.

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(c) Financial position of the Group

Set out below is the summary of the audited financial position of the Group as at 31 March 2019 and 2020 as extracted from the 2020 Annual Report and the unaudited financial position of the Group as at 30 September 2020 as extracted from the Interim Report:

	As at 31 March 2019 (audited) HK\$'000	As at 31 March 2020 (audited) HK\$'000	As at 30 September 2020 (unaudited) HK\$'000
Cash and cash equivalents	126,259	245,895	374,397
Structured deposits	817	241,103	121,583
Derivative financial instrument	41	–	–
Pledged time deposits	<u>45,412</u>	<u>34,696</u>	<u>43,864</u>
Sub-total	172,529	521,694	539,844
Current assets	1,743,942	1,783,090	1,886,557
Current liabilities	1,676,953	1,742,142	2,097,774
Non-current liabilities	754,683	1,088,065	867,932
Total assets	6,261,702	6,393,211	6,673,067
Total interest-bearing bank and other borrowings	1,284,899	1,675,212	1,672,409
Total liabilities	2,431,636	2,830,207	2,965,706
Net current assets/(liabilities)	66,989	40,948	(211,217)
Equity attributable to owners of the Company	3,869,810	3,599,359	3,714,451
Gearing ratio (Note)	28.7%	32.0%	30.5%

Note: Calculated based on the Group's interest-bearing bank borrowings, net of cash and cash equivalents, structured deposits, derivative financial instrument and pledged time deposits as a percentage of the Group's total equity

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Regarding the financial position of the Group, the aggregate of cash and cash equivalents, structured deposits, derivative financial instrument and pledged time deposits of the Group increased by approximately HK\$349.2 million or 202.4% from approximately HK\$172.5 million as at 31 March 2019 to approximately HK\$521.7 million as at 31 March 2020, which further slightly increased by HK\$18.1 million or 3.5% to approximately HK\$539.8 million as at 30 September 2020. The significant increase in such balances as at 31 March 2020 was mainly attributable to (i) the proceeds from the sale of land and the construction in progress situated on it for approximately HK\$179.8 million of the Lianyungang project during FY2020; (ii) the increase in drawdown of new bank loans during the year; and (iii) the receipt of consideration receivables from disposal of Hunan Carrianna of approximately HK\$383.6 million.

The total assets of the Group increased by approximately HK\$131.5 million or 2.1% from approximately HK\$6,261.7 million as at 31 March 2019 to approximately HK\$6,393.2 million as at 31 March 2020, which further increased by approximately HK\$279.9 million or 4.4% to approximately HK\$6,673.1 million as at 30 September 2020, which was mainly due to the combined effect of (i) increase in investment properties held by the Group alongside its expansion of property portfolio and offset of the appreciation of RMB; and (ii) increase in cash and cash equivalents.

The interest-bearing bank and other borrowings of the Group increased by approximately HK\$390.3 million or 30.4% from approximately HK\$1,284.9 million as at 31 March 2019 to approximately HK\$1,675.2 million as at 31 March 2020 which was mainly due to the increased demand of working capital for the Group's business investments and operations. The Group's interest-bearing bank and other borrowings decreased slightly by approximately HK\$2.8 million, or 0.2% to approximately HK\$1,672.4 million as at 30 September 2020.

The total liabilities of the Group increased by approximately HK\$398.6 million or 16.4% from approximately HK\$2,431.6 million as at 31 March 2019 to approximately HK\$2,830.2 million as at 31 March 2020, which was mainly due to the increase in interest-bearing bank and other borrowings. The total liabilities of the Group further increased by approximately HK\$135.5 million to approximately HK\$2,965.7 million as at 30 September 2020, which was mainly attributable to the increase in trade creditors, other creditors, accruals and deposits received as a result from the adoption of revised accounting standards regarding the treatment of lease liabilities.

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The Group's net current assets decreased by approximately HK\$26.1 million or 39.0% from approximately HK\$67.0 million as at 31 March 2019 to approximately HK\$40.9 million as at 31 March 2020, which was mainly due to the larger extent in the increase in current liabilities as compared to that of current liabilities mainly due to the recognition of lease liabilities as at 31 March 2020. The Group recorded net current liabilities of approximately HK\$211.2 million as at 30 September 2020, representing a decrease of approximately HK\$252.2 million from net current assets of approximately HK\$40.9 million as at 31 March 2020, which was mainly due to the significant increase in the current portion of the interest-bearing bank and other borrowings of approximately HK\$214.7 million as at 30 September 2020.

The Group's gearing ratio was approximately 28.7%, 32.0% and 30.5% as at 31 March 2019, 31 March 2020 and 30 September 2020, respectively. The increase of gearing ratio from approximately 28.7% as at 31 March 2019 to approximately 32.0% as at 31 March 2020 was mainly due to the combined effect of (i) the increase in interest-bearing bank and other borrowings; and (ii) the decrease in equity attributable to owners of the Company as a result from the exchange losses on translation of foreign operations and reclassification adjustment on disposal and deregistration of foreign operations of approximately HK\$145.9 million in FY2020. The slight decrease of gearing ratio from approximately 32.0% as at 31 March 2020 to approximately 30.5% as at 30 September 2020 was mainly due to the combined effect of (i) the slight decrease in interest-bearing bank and other borrowings; and (ii) the increase in equity attributable to owners of the Company as a result from the profit for the period and exchange gain on translation of foreign operations and share of other comprehensive income of an associate.

(d) Business prospect of the Group

As disclosed in the Interim Report, the Management considered that FY2020 had been a difficult year for the Group. The social events in Hong Kong, together with the global trade disputes and COVID-19 pandemic had hindered economic development and caused instability to the economy. Economic activities were widely disrupted as lockdowns and travel bans were imposed in various cities. According to the Management, local demand was weakened and uncertainty surrounding the pandemic lingered where the Group addressed the situation by reducing operating costs and adjusting market strategies to improve market share and alleviate the negative impact of COVID-19.

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According to a research report in relation to retail leasing issued by Savills Research in April 2021, despite the impact of the fourth wave infections and an absence of international visitors, some signs of improvement have been noted in the first quarter as rates of rental decline in both prime street shop and major shopping centre segments have slowed and retail sales have turned around in the first two months of 2021 with total sales value up by 2.7% year-on-year. The rollout of a vaccination programme, the relaxation of social distancing and the reopening of borders will all help to fuel a recovery in the tourism and retail markets in the near term.

Furthermore, according to the news published on the website of South China Morning Post on 9 April 2021, overall property transactions in Hong Kong soared 79.2% in the first quarter 2021. The price index issued by Centaline for lived-in homes, the Centa-City Leading Index, edged up 0.5 per cent from late March to early April to a 36-week high of 181.3 and it is expected that many new property projects will be launched and the housing market will gradually become more active.

According to the Economic Outlook Interim Report issued by the Organization for Economic Co-operation and Development (OECD) in March 2021, the forecasted economic growth in China is 7.8% in 2021, taking into account that some signs of inflation have begun to emerge and a faster-than-expected recovery in demand, coupled with shortfalls in supply. The National Development and Reform Commission also announced in March 2021 that, China is expected to achieve its annual social economic growth target in 2021 to be above 6% under the “dual circulation” strategy of 14th Five-Year Plan (2021-2025) and that the gross domestic product target for 2021 has fully taken into account the recovery of economic activity, how the epidemic has affected economic development and the economic transition between 2020 and 2021. According to the website of the National Bureau of Statistics (國家統計局), (i) retail and catering consumption (社會消費品) grew approximately 33.8% year-on-year for the first two months of 2021, and in particular, catering consumption grew approximately 68.9%; and (ii) property development investments grew approximately 38.3% and sales area of commercial houses increased by approximately 1.05 times year-on-year for the first two months 2021.

In view of (i) the gradual rollout of the vaccination programme and relaxation of social distancing in Hong Kong and the improvement of retail sales in both Hong Kong and China in the first two months of 2021; and (ii) the gradual rebound of the property market in Hong Kong and the increased property development investments and sales area of commercial houses in China, the Management, as concurred by us, remains positive and cautiously optimistic about the prospects of the Group’s restaurant, food and hotel businesses and the property investment and development business.

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2. Reasons for the Shares Subscription and use of proceeds

As stated in the Letter from the Board, the net proceeds from the Share Placing (after deduction of placing commission and other relevant costs and expenses) are approximately HK\$55.8 million, which were intended to be used for partial repayment of bank borrowings and is expected to be utilised within the year ending 31 March 2022. The maximum net proceeds from the Shares Subscription of approximately HK\$83.9 million are intended to be used as to (i) approximately HK\$34.9 million for the repayment of bank borrowings which is expected to be utilised within the year ending 31 March 2022; and (ii) the remaining of approximately HK\$49.0 million for the general working capital of the Group. Such general working capital mainly consisted of (i) approximately HK\$14.2 million for the salary expense, directors' fee and consultancy fee of the Group; (ii) approximately HK\$6.0 million for professional fee; (iii) approximately HK\$12.2 million for utility and administrative expenses; and (iv) approximately HK\$16.6 million for rental expenses which is expected to be utilised within the twelve months after completion of the Shares Subscription.

Set out below is a summary of the Group's interest-bearing bank and other borrowings as extracted from the 2020 Annual Report and the unaudited management accounts for the six months ended 30 September 2020:

	As at 31 March 2019 <i>(audited)</i> HK\$'000	As at 31 March 2020 <i>(audited)</i> HK\$'000	As at 30 September 2020 <i>(unaudited)</i> HK\$'000
Bank overdrafts repayable on demand	13,682	–	–
Bank loans repayable:			
Within one year or on demand	962,641	1,000,079	1,214,752
In the second year	63,185	252,182	69,155
In the third to fifth years, inclusion	<u>245,391</u>	<u>422,951</u>	<u>388,502</u>
Total	1,284,899	1,675,212	1,672,409

As shown in the above table, it is noted that the Group recorded a consistently high level of bank borrowings as at 31 March 2020 and 30 September 2020, of which the bank loans repayable within one year or on demand is on an increasing trend. As also noted from the Interim Report, the Group recorded net current liabilities as at 30 September 2020 as a result from the increased bank loans repayable within one year or on demand. According to the Management, taking into account the adjustments for the value of the properties of the Group as shown in the valuation report in Appendix III to this circular, the Company recorded net current liabilities of approximately HK\$72.3 million as at 30 September 2020.

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The Company intends to allocate approximately HK\$49.0 million for the Group's working capital, which shall be allocated to both the Group's restaurant and food business and the property investment and development businesses and the corporate expenses in Hong Kong and will be able to meet the Group's working capital needs for the next 12 months.

The Directors are therefore of the view that the Share Placing and the Shares Subscription will provide additional funding for the Group's operation and business development during such difficult operation environment due to the outbreak of the COVID-19 and lockdown and disruption to economic activities in China and Hong Kong, especially in the restaurant, food and hotel industries, strengthen the Group's capital base and financial position and reduce its indebtedness in order to improve its gearing position. Despite the industry statistics may suggest the market of both hospitality and property businesses are on recovery as discussed in the above sub-section headed "1. Background information of the Group – (d) Business prospect of the Group" in this letter, it is not possible to predict the pace and magnitude of recovery of the Group as compared to pre-pandemic levels. In particular, the Directors consider that although there is gradual relaxation of dining restrictions imposed by the government, it is expected that the restaurant operation business in Hong Kong would take time for recovery and therefore the Group requires extra working capital for sustaining its operations and for contingent purposes.

Given that the net proceeds from the Shares Subscription would (i) enable the Group to meet the gradual imminent financial obligations of the Group; (ii) improve the Group's financial position in terms of the decrease the gearing ratio of the Group from approximately 30.5% to 25.8%, assuming that the completion of the Share Placing and the Shares Subscription and injection of net proceeds took place as at 30 September 2020 as illustrated in the below section headed "7. Possible financial effects of the Shares Subscription" in this letter; and (iii) provide additional funds for business expansion as well as general working capital and imminent need for extra capital amid the current difficult operation environment due to the outbreak of the COVID-19 alongside the net current liabilities position and adjusted net current liabilities position taking into account the valuation report of the Group as of 30 September 2020, we consider that the reasons for the Shares Subscription is justifiable and the Shares Subscription is in the interest of the Company and its shareholders as a whole.

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3. Financing alternatives of the Group

According to the Directors, they have considered alternative fund-raising methods, including additional bank borrowings, rights issue or open offer while they are of the view that, among other things, the placing of convertible bonds, the Share Placing and the Shares Subscription are the currently most appropriate option for the Company. We are given to understand that the Directors have considered the possibility of a rights issue or an open offer exercise as it is offered to all Shareholders on a pro-rata basis. However, the Directors are of the view that they are not the best fund-raising options for the Group at the moment, having taken into account that (i) a rights issue or an open offer exercise will require a relatively lengthy process including but not limited to, the preparation of the requisite compliance and legal documentation such as announcements, circulars, prospectus etc.; and (ii) the administrative costs involved would be higher due to the need to issue prospectus and application forms and underwriting fee/placing commission would be incurred.

We have further discussed and understood from the Management for the possibility of additional borrowings to be raised from the existing and new bankers. According to the Interim Report, the Group has already indebted to certain banks for secured bank loans amounted to approximately HK\$1,672.4 million as at 30 September 2020 which are secured by its property, plant and equipment, investment properties, bank balances, time deposits and financial assets at fair value through profit or loss, with carrying value of approximately HK\$1,822.7 million. As such, we are given to understand that given the current global and regional economic environment, the respective banks are generally reluctant to provide additional financing without additional asset backing or otherwise the interest rates offer may higher than the existing borrowing rates of the Group. Furthermore, having considered that the existing debt level and gearing ratio of the Company and ongoing financing costs associated, the Directors are of the view and we concur that bearing additional liabilities would not be in the interests of the Company in the longer run.

In view of the above, the Directors consider, and we concur, that equity financing by way of the Shares Subscription is comparatively a more appropriate means of raising additional capital.

4. Principal terms of the Shares Subscription Agreement

Set out below is a summary of the principal terms of the Shares Subscription Agreement, further details of which are set out in the Letter from the Board:

Subscription Shares

Pursuant to the Shares Subscription Agreement, (i) the Company has conditionally agreed to allot and issue, and Mr. KC Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25; and (ii) the

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Company has conditionally agreed to allot and issue, and Mr. KY Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25. The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.10 each) is HK\$18,856,313.

Assuming no outstanding Share Options being exercised, the Subscription Shares represent: (a) approximately 13.64% of the existing issued share capital of the Company as at the Latest Practicable Date and; (b) approximately 12.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and the Placing Shares).

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate. The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

Subscription Price

The Subscription Price of HK\$0.45 per Subscription Share represents:

- (a) a discount of approximately 10.00% to the closing price of HK\$0.500 per Share on the date of the Shares Subscription Agreement;
- (b) a discount of approximately 12.45% to the average closing price of approximately HK\$0.514 per Share for the last five consecutive trading days immediately prior to the date of the Shares Subscription Agreement;
- (c) a discount of approximately 16.67% to the closing price of approximately HK\$0.54 per Share on the Latest Practicable Date;
- (d) a discount of approximately 13.46% to the closing price of HK\$0.52 per Share on the Last Trading Day;
- (e) a discount of approximately 12.96% to the average closing price of approximately HK\$0.517 per Share for the last ten consecutive trading days immediately prior to the date of the Shares Subscription Agreement;
- (f) a discount of approximately 12.45% to the average closing price of HK\$0.514 per Share for the last 15 consecutive trading days immediately prior to the date of the Shares Subscription Agreement;
- (g) a discount of approximately 10.00% to the average closing price of HK\$0.500 per Share for the last 20 consecutive trading days immediately prior to the date of the Shares Subscription Agreement;

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- (h) a discount of approximately 83.22% to the unaudited consolidated net asset value of the Group of approximately HK\$2.681 per Share as at 30 September 2020 (based on the unaudited consolidated equity attributable to owners of the Company as at 30 September 2020 of approximately HK\$3,707,361,000 and the number of issued Shares as at the Latest Practicable Date);
- (i) a discount of approximately 84.54% to the audited consolidated net asset value of the Group of approximately HK\$2.577 per Share as at 31 March 2020 (based on the audited consolidated equity attributable to owners of the Company as at 31 March 2020 of approximately HK\$3,563,004,000 and the number of issued Shares as at the Latest Practicable Date);
- (j) a discount of approximately 85.52% to the adjusted net asset value of approximately HK\$3.107 per Share based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$3,707,361,000 as at 30 September 2020, the adjustment in the unaudited consolidated net asset value of HK\$588,787,000 representing the difference between the value of the properties of the Group as shown in the valuation report in Appendix III to this circular and the book value of the properties of the Group as at 30 September 2020 and the number of issued Shares as at the Latest Practicable Date; and
- (k) a discount of approximately 85.63% to the adjusted net asset value of approximately HK\$3.132 per Share based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$3,563,004,000 as at 31 March 2020, the adjustment in the unaudited consolidated net asset value of HK\$767,589,000 representing the difference between the value of the properties of the Group as shown in the valuation report in Appendix III to this circular and the book value of the properties of the Group as at 31 March 2020 and the number of issued Shares as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers after taking into account the prevailing market price of the Shares and the trading performance of the Shares.

Please refer to the paragraphs headed "Conditions precedent" and "Completion of the Shares Subscription" under the section headed "The Shares Subscription Agreement" in the Letter from the Board for further details of the conditions precedent and the completion of the Shares Subscription, respectively.

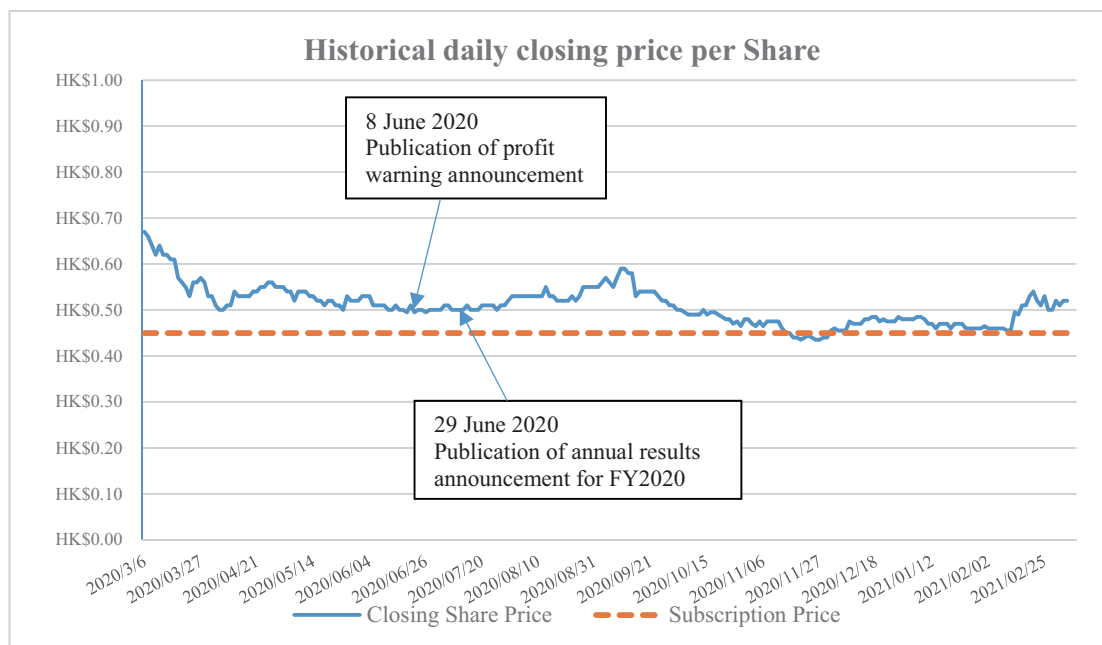
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5. Analysis of the Subscription Price

For the purpose of assessing the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to (a) the historical price performance of the Shares; (b) liquidity of the Shares; and (c) the market comparable analysis, as follows:

(a) *Historical Share price performance*

Set out below is a chart showing the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 6 March 2020 being the date which is 12 months immediately prior to the date of the Shares Subscription Agreement, which we consider to be a reasonable and sufficient timeframe to illustrate the relationship between the historical trend of the closing price of the Share and the Subscription Price (the “**Review Period**”):



Source: The website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the chart above, the closing Share price ranged from HK\$0.44 to HK\$0.67 per Share during the Review Period, with an average closing price of approximately HK\$0.51 per Share. During the period from March 2020 to November 2020, the closing price of the Shares fluctuated and did not form a continuous and specific trend which commenced from its highest closing price of HK\$0.67 per Share on 6 March 2020 during the Review Period, with the closing prices of the Shares reaching the higher end of HK\$0.59 (on 9 September 2020) and reaching the lowest closing price of the Shares at HK\$0.44 on 18 November 2020 during the Review Period. Subsequent to November 2020, the closing price of the Shares showed a slight

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upward trend from approximately HK\$0.44 (on 1 December 2020) to approximately HK\$0.54 (on 22 February 2020) which was the highest closing price of the Shares in February 2020. The Share price remained relatively stable from 22 February 2021 to March 2021, fluctuating within a relatively narrow range from HK\$0.50 to HK\$0.54.

During the Review Period, the Subscription Price represented (i) a discount of approximately 32.84% to the highest closing price of the Shares; (ii) a premium of approximately 3.45% over the lowest closing price of the Shares; and (iii) a discount of approximately 11.64% to the average closing price of the Shares. The Subscription Price represented a discount to the average closing price of the Shares and the Subscription Price is below the closing share price throughout the Review Period except for 10 out of the total of 247 days.

As illustrated in the above diagram, it is noted that the closing price of the Shares has fluctuated and did not form a continuous and specific trend during the Review Period, despite the deteriorated financial performance of the Company, in particular the profit warning announcement and annual results announcement for FY2020 issued by the Company in June 2020 which indicated a significant decrease in profit attributable to Shareholders in FY2020 as compared to FY2019 mainly attributable to the decreased revenue from the Group's restaurant, food and hotel businesses due to deteriorated market conditions as a result of the social events and the outbreak of COVID-19 during FY2020. We have discussed with the Management regarding the possible reasons for the increasing trend of closing Share prices around July to September 2020 and we were advised that they were not aware of any matters which might have impact on the Share price. The closing price of the Shares remained in similar levels subsequent to the Company's publication of the Interim Report in December 2020, while the Group recorded an increase in profit attributable to Shareholders in FY2020 due to the support on the Group's restaurant, food and hotel businesses by the government subsidy and closing-down of outlets, the Group recorded a decreased revenue due to the outbreak of COVID-19. Although there is a slight rebound of closing Share price since 22 February 2021 within a relatively narrow range from HK\$0.50 to HK\$0.54, such range is still lower than that of the commencement of the Review Period, as compared to the average closing Share price of approximately HK\$0.59 during March 2020 and reaching the highest closing price of HK\$0.67 per Share on 6 March 2020 during the Review Period.

As compared with the net asset value per Share, it is also noted that the closing Share prices during the Review Period had been consistently traded at a closing price below the unaudited and audited net asset value of the Group, representing the entire Review Period. The average closing Share price during the Review Period of approximately HK\$0.51 represented a discount of (1) approximately 83.22% and 82.54% to the unaudited and audited net asset value of the Group of approximately HK\$2.681 and HK\$2.577 per Share as at 30 September 2020 and 31 March 2020, respectively; and (2) approximately 85.52% and 85.63% to the adjusted unaudited and

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audited net asset value of the Group of approximately HK\$3.107 and HK\$3.132 per Share as at 30 September 2020 and 31 March 2020 taking into account the value of the properties of the Group as shown in the valuation report in Appendix III to this circular, respectively.

(b) Liquidity of the Shares

The table below sets out the monthly statistics of the average daily volume of the Shares per month and the respective percentages of the average daily trading volume as compared to the total number of issued Shares during the Review Period:

Month	Total trading volume of Shares (Shares)	Number of trading days in the month (days)	Average daily trading volume of the Shares (Shares) (Note 1)	Percentage of average daily trading volume over total number of issued Shares Approximate % (Note 2)	Percentage of average daily trading volume over total number of Shares held by public Shareholders Approximate % (Note 3)
2020					
March (from the beginning of the Review Period)	9,522,000	18	529,000	0.042%	0.104%
April	18,974,000	19	998,632	0.079%	0.197%
May	1,802,000	20	90,100	0.007%	0.018%
June	6,312,020	21	300,572	0.024%	0.059%
July	11,182,000	22	508,273	0.040%	0.100%
August	13,405,565	21	638,360	0.051%	0.126%
September	11,394,000	22	517,909	0.041%	0.102%
October	9,058,000	18	503,222	0.040%	0.099%
November	14,028,000	21	668,000	0.053%	0.132%
December	9,190,000	22	417,727	0.033%	0.082%
2021					
January	3,476,000	20	173,800	0.014%	0.034%
February	8,156,000	18	453,111	0.036%	0.089%
March (up to the Last Trading Day)	432,000	5	86,400	0.007%	0.017%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.

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2. For illustrative purpose only, based on total number of Shares in issue at the end of each month/period.
3. The calculation is based on the average daily trading volume of the Shares divided by the total number of issued Shares held by public Shareholders (excluding Shares held by Rainbow Choice) at the end of the month/period.

As illustrated in the above table, the average daily trading volume of Shares during the Review Period was generally low with a range from approximately 86,400 Shares to approximately 998,632 Shares, representing 0.007% to approximately 0.079% of the total number of the Shares in issue as at the end of the relevant month/period, and approximately 0.017% to 0.197% of the total number of issued Shares held by public Shareholders as at the end of the relevant month/period. Other than the average daily trading volume of Shares increased moderately in April 2020, being the maximum volume during the Review Period, the average daily trading volume of Shares were relatively thin and inactive throughout the Review Period. The low liquidity of the Shares may imply the lack of interest from potential investors to invest in the Shares and as such, it may be difficult for the Company to conduct equity fund raising exercises in the market such as rights issue or open offer considering (i) difficulties in identifying underwriter(s) with favourable terms; and (ii) additional time and fee/costs to be incurred for, including but not limited to, preparing relevant documents including various agreement(s), announcement(s), prospectus and engaging professionals such as legal adviser and reporting accountants.

As mentioned in the above sub-section that the closing Share Prices during the Review Period were all traded below the net asset value of the Group with the average closing Share prices representing a deep discount thereto, the Directors considered it not commercially sound to make reference to the net asset value of the Company when determining the Subscription Price and instead the market condition was the key factor considered, such as prevailing market prices and trading performance of the Shares, implied price-to-earnings ratio of the Subscription Price and market sentiment of the Group's businesses under the outbreak of COVID-19. In light of the above and the trading of the Shares is not considered as active, setting the Subscription Price at a discount could provide more incentive for the Subscribers to participate in the Share Subscription. Although the Subscribers are controlling Shareholders and presumably have no intention to dispose of the shareholding, the Directors consider such fact did not affect the consideration in determining the Subscription Price on an arm's length basis. Given the prevailing market conditions as mentioned above and the Subscription Price of HK\$0.45 is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period, we are of the view that it is reasonable to set the Subscription Price at a discount to the latest Share prices to balance the low liquidity of the Shares during the Review Period.

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(c) Market comparable analysis

(i) Companies with businesses similar to the Group

In assessing the fairness and reasonableness of the Subscription Price, we attempted to compare the historical price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”) represented by the Subscription Price against the market valuation of other listed companies in Hong Kong which are of similar business nature and size to that of the Group, which is a commonly used benchmark in valuing a company. Based on the financial information of the Group as set out in the 2019 Annual Report, 2020 Annual Report and the Interim Report, it is noted that (i) over 50% of the Group’s revenue was generated from the restaurant operations and sales of food products; and (ii) all of the Group’s revenue was generated from its business operation in Hong Kong and China. The market capitalisation of the Company was approximately HK\$628.5 million as at the date of the Shares Subscription Agreement.

In particular, it is also noted that (i) the Group’s revenue generated from (a) the restaurant operations and sales of food products represented approximately 87.2%, 88.2%, 74.5%, 90.7% and 91.1%; and (b) the property investment and development represented approximately 12.8%, 11.8%, 25.5%, 9.3% and 8.9% of its total revenue; and (ii) the Group’s segment results generated from (a) the restaurant operations and sales of food products represented approximately 17.9%, 24.2%, 14.1%, 63.2% and 67.0%; and (b) the property investment and development represented approximately 82.1%, 75.8%, 85.9%, 36.8% and 33.0% of its total segment profits for each of the three years ended FY2020 and the six months ended 30 September 2019 and 2020, respectively.

We have conducted a search of two types of companies based on the criteria that (i) the company is listed on the Main Board of the Stock Exchange; (ii) the company is either engaged in (1) restaurant operations and sale of food products with over 50% of the company’s revenue was generated from such hospitality business or (2) property development business; (iii) the revenue of the company was generated from its business operations in Hong Kong and/or China; and (iv) the market capitalisation of the company is lower than HK\$1,000 million which is considered as of similar size with that of the Company.

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We have identified a complete and an exhaustive list of 11 hospitality comparable companies (“**Hospitality Comparable Companies**”) and 25 property comparable companies (“**Property Comparable Companies**”, together with the Hospitality Comparable Companies, “**Comparable Companies**”) based on the abovementioned selection criteria. We consider that while the Company and the Comparable Companies are not closely in terms of, among other things, financial performance, financial position and market capitalisation, the principal activities of such companies are in general affected by similar macro-economic factors including but not limited to, economy and outlook and the demand from customers. Based on the foregoing, we consider the Comparable Companies as fair and representative comparable, the analysis of which is useful for assessing the fairness and reasonableness of the Subscription Price. The following table sets out the details of the Comparable Companies, computed based on the closing share prices of the Comparable Companies as at the date of the Shares Subscription Agreement and their published financial information for the most recent financial year/period:

(1) Hospitality Comparable Companies

Company name (Stock code)	Principal business	Market capitalisation Approximate HK\$ million (Note 1)	Closing share price as at the date of the Shares Subscription Agreement HK\$ (Note 2)	Book value per share (year/ period-end date) HK\$ (Note 3)	P/E Ratio Times	P/B Ratio Times (Note 4)
Hop Hing Group Holdings Limited (47)	operation of Yoshinoya and Dairy Queen quick service restaurant chains in northern regions of China	473.3	0.047	0.06 (as at 30 June 2020)	3.80	0.78
Tao Heung Holdings Limited (573)	provision of food catering services through chain restaurants, the operation of bakeries and the sales of foods and other products	935.0	0.920	1.44 (as at 30 June 2020)	7.48	0.64
G-Vision International (Holdings) Limited (657)	operation of chain restaurants focusing on Chiu Chow cuisine in Hong Kong	194.6	0.100	0.03 (as at 30 September 2020)	N/A	3.33
Longhui International Holdings Limited (1007)*	operation of Cantonese style hotpot business in China	94.3	0.148	(0.25) (as at 30 June 2020)	N/A	(0.59)
Tang Palace (China) Holdings Limited (1181)	operation of restaurants and food production businesses in China	936.1	0.870	0.40 (as at 30 June 2020)	8.58	2.18

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Company name (Stock code)	Principal business	Market capitalisation <i>Approximate HK\$ million (Note 1)</i>	Closing share price as at the date of the Shares Subscription Agreement <i>HK\$ (Note 2)</i>	Book value per share (year/ period-end date) <i>HK\$ (Note 3)</i>	P/E Ratio <i>Times</i>	P/B Ratio <i>Times (Note 4)</i>
Tsui Wah Holdings Limited (1314)	operation of a chain of Cha Chaan Teng under the name of Tsui Wah in Hong Kong, China and Macau	479.8	0.340	0.46 (as at 30 September 2020)	1.51	0.74
Fulum Group Holdings Limited (1443)	operation of restaurants in Hong Kong and China	314.6	0.242	0.15 (as at 30 September 2020)	N/A	1.61
Palace Banquet Holdings Limited (1703)	operation of Chinese restaurants under the brand names of Palace and Royal Courtyard in Hong Kong	586.5	0.510	0.07 (as at 30 September 2020)	N/A	7.29
Li Bao Ge Group Limited (1869)	operation of chain restaurants in Hong Kong and China	300.0	0.300	0.07 (as at 30 June 2020)	N/A	4.29
LH Group Limited (1978)	operation of full-service restaurants, including Cantonese cuisine, Asian cuisine under franchised and self-owned brands and sale of food ingredients	372.0	0.465	0.37 (as at 30 June 2020)	N/A	1.26
TANSH Global Food Group Co., Ltd (3666)	operation of restaurant chain stores in China and Hong Kong	199.2	0.090	0.17 (as at 30 June 2020)	N/A	0.53
			Overall	Minimum Maximum Average Median	1.51 8.58 5.34 5.64	(0.59) 7.29 2.00 1.26
				* <i>Excluding the Outlier (as defined below)</i>		
				Minimum Maximum Average Median	1.51 8.58 5.34 5.64	0.53 7.29 2.26 1.26
The Company	Food and restaurant-related and property investment and development businesses in Hong Kong and China	565.7	0.45 (Note 5)	2.95 (as at 30 September 2020)	40.05	0.15

Source: The website of the Stock Exchange (www.hkex.com.hk)

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(2) Property Comparable Companies

Company name (Stock code)	Principal business	Market capitalisation Approximate HK\$ million (Note 1)	Closing share price as at the date of the Shares Subscription Agreement HK\$ (Note 2)	Book value per share (year/period-end date) HK\$ (Note 3)	P/E Ratio Times	P/B Ratio Times (Note 4)
Golden Wheel Tiandi Holdings Company Limited (1232)	development and sales of properties and property leasing in China	883.2	0.490	3.08 (as at 30 June 2020)	2.93	0.16
Million Cities Holdings Limited (2892)	development of residential properties and leasing of office buildings, car parks and kindergartens	975.0	1.300	1.42 (as at 30 June 2020)	45.44	0.92
SRE Group Limited (1207)	development and sale of residential and commercial properties, property leasing and hotel operation management	884.3	0.043	0.30 (as at 30 June 2020)	N/A	0.14
Great China Properties Holdings Limited (21)	property development, property investment and security investment	993.8	0.250	0.23 (as at 30 June 2020)	N/A	1.09
China Properties Group Limited (1838)	property development and investment business in China	904.5	0.500	23.62 (as at 30 June 2020)	N/A	0.02
Weiye Holdings Limited (1570)	development of residential projects	715.9	3.650	8.32 (as at 30 June 2020)	N/A	0.44
Dingyi Group Investment Limited (508)	loan financing, properties development, food and beverages and securities trading	654.8	0.089	0.19 (as at 30 September 2020)	N/A	0.47
Jiande International Holdings Limited (865)	property development in China	484.6	0.083	0.16 (as at 30 June 2020)	12.23	0.53
DreamEast Group Limited (593)	operation of tourist resorts and theme parks and property development	542.4	1.900	7.82 (as at 30 June 2020)	N/A	0.24
Sino Harbour Holdings Group Limited (1663)	property development business in China	345.0	0.140	0.67 (as at 30 September 2020)	5.07	0.21
China City Infrastructure Group Limited (2349)	property development business in China	425.4	0.136	0.33 (as at 30 June 2020)	N/A	0.41

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Company name (Stock code)	Principal business	Market capitalisation Approximate HK\$ million (Note 1)	Closing share price as at the date of the Shares Subscription Agreement HK\$ (Note 2)	Book value per share (year/period-end date) HK\$ (Note 3)	P/E Ratio Times	P/B Ratio Times (Note 4)
Easyknit International Holdings Limited (1218)	property investments and property development in Hong Kong	367.1	4.020	34.71 (as at 30 September 2020)	N/A	0.12
Coastal Greenland Limited (1124)	Property development and property investment in China	311.0	0.075	1.07 (as at 30 September 2020)	N/A	0.07
Star Properties Group (Cayman Islands) Limited (1560)	property development of industrial buildings for sale or rental in Hong Kong	295.1	0.460	1.64 (as at 30 June 2020)	51.55	0.28
Boill Healthcare Holdings Limited (1246)	property development business, healthcare holiday resort development and operation, foundation piling and securities investment	274.3	0.202	0.28 (as at 30 September 2020)	N/A	0.73
Richly Field China Development Limited (313)*	operation of outlets, development and management of commercial properties in China	303.4	0.013	0.00 (as at 30 September 2020)	N/A	(15.15)
Talent Property Group Limited (760)	property development, investment and management in China	277.9	0.027	0.20 (as at 30 June 2020)	N/A	0.13
Fullsun International Holdings Group Co., Limited (627)	development and sales, and investment of properties	352.3	0.031	0.17 (as at 30 June 2020)	2.15	0.19
China Uptown Group Company Limited (2330)	development of properties in China and trading of raw sugar	145.0	0.570	2.97 (as at 30 June 2020)	1.64	0.19
Grand Field Group Holdings Limited (115)	property development and property investment	215.6	0.880	4.41 (as at 30 June 2020)	N/A	0.20
Xiwang Property Holdings Company Limited (2088)	property development in China	205.7	0.146	0.49 (as at 30 June 2020)	N/A	0.30
Xinming China Holdings Limited (2699)	property development, leasing and management	154.0	0.082	1.15 (as at 30 June 2020)	N/A	0.07
Deson Development International Holdings Limited (262)	construction and property development business	144.7	0.148	1.60 (as at 30 September 2020)	N/A	0.09

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Company name (Stock code)	Principal business	Market capitalisation <i>Approximate HK\$ million</i> <i>(Note 1)</i>	Closing share price as at the date of the Shares Subscription Agreement <i>HK\$</i> <i>(Note 2)</i>	Book value per share (year/period-end date) <i>HK\$</i> <i>(Note 3)</i>	P/E Ratio <i>Times</i>	P/B Ratio <i>Times</i> <i>(Note 4)</i>
Kingwell Group Limited (1195)	property development business and production and sales of gold	138.9	0.048	0.05 (as at 31 December 2020)	N/A	0.97
Carnival Group International Holdings Limited (996)	development and investment of properties in China	114.7	0.121	3.17 (as at 30 June 2020)	N/A	0.04
Overall				Minimum	1.64	(15.15)
				Maximum	51.55	1.09
				Average	17.29	(0.29)
				Median	5.07	0.20
*Excluding the Outlier (as defined below)				Minimum	1.64	0.02
				Maximum	51.55	1.09
				Average	17.29	0.33
				Median	5.07	0.20
The Company	Food and restaurant-related and property investment and development businesses in Hong Kong and China	565.7	0.45 <i>(Note 5)</i>	2.95 (as at 30 September 2020)	40.05	0.15

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

- Calculation is based on the closing share prices and the total issued shares of the Comparable Companies as at the date of the Shares Subscription Agreement.
- For the purpose of this analysis, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1: HK\$1.19509.
- Calculation is based on the audited/unaudited consolidated net assets attributable to owners of the company as extracted from the latest annual/interim results published by the company as at the date of the Shares Subscription Agreement and the number of the shares in issue as at the respective year/period-end as extracted from the monthly return published by the company.
- Calculation is based on the closing share price as at the date of the Shares Subscription Agreement and the book value per share.
- Being the Subscription Price.

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As illustrated in the tables set out above, certain Comparable Companies reported loss attributable to the owners for the latest audited financial year and historical P/E Ratio analysis cannot be performed. The P/E Ratios of (1) the applicable Hospitality Comparable Companies ranged from approximately 1.51 times to approximately 8.58 times, with an average of 5.34 times and median of approximately 5.64 times and (2) the applicable Property Comparable Companies ranged from approximately 1.64 times to approximately 51.55 times, with an average of 17.29 times and median of approximately 5.07 times. The implied P/E Ratio of the Subscription Price of approximately 40.05 times is (1) out of the range of the P/E Ratio of the Hospitality Comparable Companies and is significantly higher than that of the Hospitality Comparable Companies; and (2) is within the range of the P/E Ratio of the Property Comparable Companies.

In view of (1) the negative P/B Ratio of Longhui International Holdings Limited and the substantial smaller market capitalisation as compared to other Hospitality Comparable Companies and the Company; and (2) the negative P/B Ratio of Richly Field China Development Limited under the Property Comparable Companies, each of them is considered as an outlier (the “**Outlier**”). The P/B Ratios of (1) the Hospitality Comparable Companies (excluding the Outlier) ranged from approximately 0.53 times to approximately 7.29 times, with an average of 2.26 times and median of approximately 1.26 times; and (2) the Property Comparable Companies (excluding the Outlier) ranged from approximately 0.02 times to approximately 1.09 times, with an average of 0.33 times and median of approximately 0.20. Although the implied P/B Ratio of the Subscription Price of approximately 0.15 times is below the average and median of P/B Ratio of the Hospitality Comparable Companies (excluding the Outlier) and is significantly below and outside the range of such companies, such relatively lower implied P/B Ratio of the Subscription Price may have resulted from the relatively higher net asset value of the Company associated with its property investment and development business as compared to the Comparable Companies which mainly solely engages in restaurant and food-related businesses. While the implied P/B Ratio of the Subscription Price of approximately 0.15 times is below the average and median of P/B Ratio of the Property Comparable Companies (excluding the Outlier), it is still within the range of such companies.

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(ii) Transactions similar to the Shares Subscription

In addition to the above analysis of the Comparable Companies, for general reference purpose only, we have further performed an analysis of comparable transactions by conducting research of companies listed on the Stock Exchange and announced fund-raising activities during the Review Period, via (i) new shares subscription by subscriber(s) involving connected person(s) under specific mandates; and (ii) application of whitewash waiver by the subscriber(s), and excluding transactions involving capital restructuring. The Review Period was adopted to demonstrate the recent market trends with sufficient and representative number of comparable transactions and thus, we consider the timeframe is reasonable and representative.

Based on the aforesaid criteria, we have identified an exhaustive list of four comparable transactions (the “**Comparable Transactions**”). Independent Shareholders should note that the Comparable Transactions are not identical to the Company in terms of principal business, operations and financial position. We have not conducted any independent investigation with regards to the businesses, operations, financial positions and prospects of the Comparable Transactions but it shall not affect our analysis as we consider that the Comparable Transactions could provide a general reference for the recent common market practice of companies listed on the Stock Exchange in share subscription exercises and similar market conditions. The below table sets out the details of our findings and analysis on the Comparable Transactions.

Company name (Stock code)	Principal business	Date of announcement/ circular	Premium/(discount)of the subscription price over/(to)					Consolidated net assets value per share
			closing price per share of last five trading days including/ immediately prior to the date of the respective shares subscription agreement Approx. %	average closing price per share of last ten trading days including/ immediately prior to the date of the respective shares subscription agreement Approx. %	average closing price per share of last 15 trading days including/ immediately prior to the date of the respective shares subscription agreement Approx. %	average closing price per share of last 20 trading days including/ immediately prior to the date of the respective shares subscription agreement Approx. %	average closing price per share of last 20 trading days including/ immediately prior to the date of the respective shares subscription agreement Approx. %	
China Finance Investment Holdings Limited (875)	growing and trading of agricultural produce, provision of money lending services and internet finance business	20 March 2020	(31.60)	(35.13)	(34.80)	(32.78)	(31.43)	(63.70)
Boill Healthcare Holdings Limited (1246)	property development business, contracts for foundation piling business and investment in securities	24 July 2020	(10.26)	(14.63)	(18.60)	(18.60)	(16.67)	(22.22)
China CBM Group Company Limited (8270)	exploitation, liquefaction production and sales of natural gas in China	31 December 2020	– (Note)	1.45	2.56	3.32	3.70	(83.13)

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Company name (Stock code)	Principal business	Date of announcement/ circular	Premium/(discount)of the subscription price over/(to)					Consolidated net assets value per share Approx. %
			average closing price per share of last five trading days including/ closing price per share on the date of respective shares	average closing price per share of last ten trading days including/ immediately prior to the date of the respective shares	average closing price per share of last 15 trading days including/ immediately prior to the date of the respective shares	average closing price per share of last 20 trading days including/ immediately prior to the date of the respective shares		
			subscription agreement	subscription agreement	subscription agreement	subscription agreement		
			Approx. %	Approx. %	Approx. %	Approx. %		
China Dredging Environment Protection Holdings Limited (871)	capital and reclamation business, environmental protection dredging and water management business and other works operated in marine sites	14 January 2021	11.11	20.48	25.79	29.87	35.14	(87.60)
		Minimum	(31.60)	(35.13)	(34.80)	(32.78)	(31.43)	(87.60)
		Maximum	11.11	20.48	25.79	29.87	35.14	(22.22)
		Average	(7.69)	(6.96)	(6.26)	(4.55)	(2.32)	(64.16)
		Median	(5.13)	(6.59)	(8.02)	(7.64)	(6.48)	(73.42)
The Shares Subscription			(10.00)	(12.45)	(12.96)	(12.45)	(10.00)	84.54

Source: The website of the Stock Exchange (www.hkex.com.hk), relevant announcements or circulars of the companies comprising the Comparable Transactions

Note: The subscription price is the same as the closing price per share.

As shown in the table above, the subscription prices of the Comparable Transactions ranged from (i) a discount of approximately 31.60% to a premium of approximately 11.11% to/over the respective closing prices of their shares on the date of the respective shares subscription agreement; (ii) a discount of approximately 35.13% to a premium of approximately 20.48% to/over the respective average closing prices of their shares for the last five trading days including/immediately prior to the date of the respective shares subscription agreement; and (iii) a discount of approximately 87.60% to a discount of approximately 22.22% to the consolidated net assets value per share.

As a result of the above, the discounts represented by the Subscription Price to (a) the closing price of the Shares on the date of the Shares Subscription Agreement of approximately 10.00%; (b) the average closing price of the last five, ten, 15 and 20 consecutive trading days immediately prior to the date of the Shares Subscription Agreement of approximately 12.45%, 12.96%, 12.45% and 10.00% respectively; and (c) the consolidated net assets value per Share as at 31 March 2020 of approximately 84.54%, fall within the range of those of the Comparable Transactions, though such discount is merely approximately 3.48% smaller than the maximum discount of the Comparable Companies and represent a considerably deeper discount than the corresponding average and median of the Comparable Transactions.

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Having considered (i) the significant decrease in the profit attributable to owners of approximately 94.9% for FY2020 and the earnings per Share from approximately HK\$0.22 in FY2019 to approximately HK\$0.01 in FY2020; (ii) the discount to the unaudited consolidated net asset value as at 30 September 2020 of the Subscription Price is not lower than that of the Placing Price which reflected the same market sentiment at the time of execution of the Shares Subscription Agreement and the Share Placing Agreement; (iii) the closing Share prices during the Review Period were all traded below the net asset value and the adjusted net asset value (taking into account the value of the properties of the Group as shown in the valuation report in Appendix III to this circular) of the Group and low liquidity of the Shares; (iv) the P/E Ratio of the Subscription Price represented approximately 40.05 times based on the profit attributable to owners of the Company for the year ended 31 March 2020 and the market capitalisation of the Company as of the date of the Share Subscription Agreement, which is significantly higher than that of the Comparable Companies; and (v) for FY2019 and FY2020 and FP2020, over 50% of the Group's revenue being generated from the restaurant operations and sales of food products had been severely affected by COVID-19 pandemic and the social distancing measures imposed by the government, we are of the view that the deeper discounts represented by the Subscription Price is justifiable.

(3) Results of the analysis of the Subscription Price

We consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned, after taken into account the following factors:

- (i) the decreasing trend of the financial performance of the Group which recorded net profit attributable to owners of the Company of approximately HK\$317.0 million, HK\$278.0 million and HK\$14.1 million for the three years ended 31 March 2020 as discussed in the above sub-section headed "1. Background information of the Group – (b) Historical financial performance of the Group" in this letter. Though the Company recorded a higher profit in FP2020 as compared to FP2019, such profits merely resulted from the support on the Group's restaurant, food and hotel businesses by the government subsidy and the Management's decision in closing down outlets and the cost control in the property investment and development business, while the Group still recorded a moderate decrease in revenue and deteriorated market sentiment of its restaurant, food and hotel businesses under the impact of the outbreak of COVID-19. Despite the industry statistics may suggest the market of both hospitality and property businesses are on recovery as discussed in the above sub-section headed "1. Background information of the Group – (d) Business prospect of the Group" in this letter, it is not possible to predict the pace and magnitude of recovery of the Group as compared to pre-pandemic levels;

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- (ii) the benefits of the Shares Subscription as discussed in the section headed “2. Reasons for the Shares Subscription and use of proceeds” in this letter, in particular, the gradual imminent financial needs to meet the financial obligations and working capital requirements of the Group and to improve the Group’s net current liabilities position as at 30 September 2020;
- (iii) the closing Share prices during the Review Period were all traded below the net asset value and the adjusted net asset value (taking into account the value of the properties of the Group as shown in the valuation report in Appendix III to this circular), and low liquidity of the Shares during the Review Period as discussed in the above sub-sections headed “(a) Historical Share price performance” and “(b) Liquidity of the Shares”, respectively;
- (iv) the implied P/E Ratio of the Subscription Price was within the range of the Property Comparable Companies, whereas the P/B Ratio of the Subscription Price is within the range of those of the Property Comparable Companies (excluding the Outlier) and generally lower than that of the P/B Ratio of such companies which is justifiable taking into account the factors as discussed in the above sub-section headed “(c) Market comparable analysis – (i) Companies with businesses similar to the Group”;
- (v) the discounts represented by the Subscription Price falls within the range of those of the Comparable Transactions and represent a considerably deeper discount than the corresponding average and median of the Comparable Transactions which is justifiable taking into account the factors including the discount to the net asset value of the Group is not lower than that of the Placing Price which reflected the same market sentiment, the closing Share prices during the Review Period were all traded below the net asset value and the relatively higher P/E Ratio of the Subscription Price as compared to that of the Comparable Companies, as discussed in the above sub-section headed “(c) Market comparable analysis – (ii) Transactions similar to the Shares Subscription”; and
- (vi) it is difficult for the Company to proceed to other fund-raising activities due to the lack of financing alternatives for the Group as discussed in the section headed “3. Financing alternatives of the Group” in this letter.

6. Dilution effect of the Shares Subscription

For the information of the Subscribers and Ma Family, please refer to the section headed “The Shares Subscription Agreement – Information of the Subscribers and Ma Family” in the Letter from the Board.

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With reference to the section headed “Effects on shareholder structure of the Company” in the Letter from the Board and as shown in the table disclosed therein, after the completion of the Share Placing, the shareholding in the Company held by the public Shareholders will be diluted by approximately 4.40 percentage points from 36.67% to 32.27% upon the completion of the Shares Subscription and assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares. The issue of the Subscription Shares to the Subscribers will not lead to a change in controlling stake of any Shareholders in the Company immediately upon the completion of the Shares Subscription.

Based on the foregoing, in view of the positive financial effect as a result of the Shares Subscription and the slight dilution effect in shareholding structure of the Company as illustrated in the above, we consider that the Shares Subscription is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

7. Possible financial effects of the Shares Subscription

As stated in the Letter from the Board, the aggregate net proceeds from the Share Placing (after deducting professional fees and other related expenses) of approximately HK\$55.8 million and net proceeds from the Shares Subscription is expected to be approximately HK\$83.9 million. As disclosed in the Interim Report, the Group had bank balances and cash and net current liabilities value of approximately HK\$374.4 million and HK\$211.2 million, respectively, as at 30 September 2020. Immediately upon the completion of the Share Placing and the Shares Subscription, it is expected that the net liabilities position of the Group will be enhanced with such net proceeds.

In addition, further to the application of net proceeds from the Share Placing for settling certain indebtedness of the Group, the Company intends to apply the net proceeds from the Shares Subscription as to approximately HK\$34.9 million for the repayment of bank borrowings and as to approximately HK\$49.0 million for the general working capital of the Group. Such general working capital mainly consisted of (i) approximately HK\$14.2 million for the salary expense, directors’ fee and consultancy fee of the Group; (ii) approximately HK\$6.0 million for professional fee; (iii) approximately HK\$12.2 million for utility and administrative expenses; (iv) and approximately HK\$16.6 million for rental expenses which is expected to be utilised within the twelve months after completion of the Shares Subscription.

Therefore, it is expected that there would be reduction in current liabilities and improvement in the net liabilities position and gearing ratio of the Group after the completion of the Share Placing and the Shares Subscription. The table below illustrates the impacts to the financial position of the Group as if the Share Placing and the Shares Subscription had completed and assuming the net proceeds had been fully applied as to the settlement of the current portion of interest-bearing bank and other borrowings as at 30 September 2020:

LETTER FROM THE IFA

	As at 30 September 2020 HK\$'000 (unaudited)	As enhanced by the net proceeds of the Shares Subscription HK\$'000	Increase/ (decrease) %
Current liabilities	2,097,774	2,007,174	(4.3)
Total interest-bearing bank and other borrowings	1,672,409	1,581,809	(5.4)
Gearing ratio	30.5%	25.8%	(15.4)

In view of the above, the Directors consider, and we concur that the financial position of the Group is expected to be strengthened after the completion of the Share Placing and the Shares Subscription.

8. The Whitewash Waiver

With reference to the section headed “Effect on shareholding structure of the Company” in the Letter from the Board, following the completion of the Share Placing and 125,708,754 Placing Shares placed by the Placing Agent, the shareholding of the Subscribers and parties acting in concert with them in the Company decreased from approximately 49.69% to approximately 45.17% of the issued share capital of the Company.

Upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 51.75% of the issued share capital of the Company. Given that the Shares Subscription has the effect of increasing the holding of voting rights in the Company by the Subscribers and parties acting in concert with them by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of completion of the Shares Subscription, unless the Whitewash Waiver is granted, the Subscribers are under an obligation to make a mandatory general offer to acquire all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code.

LETTER FROM THE IFA

An application has been made to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Shares Subscription and the Specific Mandate, respectively, at the SGM. The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Shares Subscription will not proceed.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons as discussed above and as summarised below:

- (i) the Group has been experiencing deteriorating financial position in recent years, in particular, the decreasing trend in the Group's net current assets balances and the increasing trend in the Group's total borrowings over the past three years;
- (ii) the Group recorded net current liabilities position as at the latest interim balance sheet date as at 30 September 2020;
- (iii) further to the application of net proceeds from the Share Placing for settling certain indebtedness of the Group, the Company intends to apply net proceeds from the Shares Subscription for the repayment of certain portion of the interest-bearing bank and other borrowings which could improve the Group's financial position and for the general working capital of the Group which provide additional funds for in light of the imminent need for extra capital amid the current difficult operation environment due to the outbreak of the COVID-19 alongside the net current liabilities position of the Group as of 30 September 2020; and
- (iv) the implied P/E Ratio, P/B Ratio and discounts represented by the Subscription Price to the prevailing market prices of the Shares is justifiable as discussed in the section headed "5. Analysis of the Subscription Price – (d) Results of the analysis of the Subscription Price" in this letter.

LETTER FROM THE IFA

We consider that, although the transactions contemplated under the Shares Subscription Agreement are not in the ordinary and usual course of business of the Company, (i) the terms of the Shares Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Shares Subscription Agreement, the Whitewash Waiver and the Specific Mandate in respect of the Shares Subscription are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the IBC to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Shares Subscription Agreement, the Whitewash Waiver and the Specific Mandate in respect of the Shares Subscription.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Erica Law
Director

Ms. Erica Law is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Mesis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 12 years of experience in corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 March 2018, 2019 and 2020, the six months ended 30 September 2019 and the six months ended 30 September 2020 are disclosed in the annual reports of the Company for the three years ended 31 March 2018, 2019 and 2020 and the interim report of the Company for the six months ended 30 September 2019 and six months ended 30 September 2020, which have been published on the websites of the Company (<http://www.carrianna.com>) and the Stock Exchange (<http://www.hkexnews.hk>)

- (i) from pages 65 to 237 of the annual report of the Company for the year ended 31 March 2018 published on 25 July 2018, which can be accessed via the link at

http://www.carrianna.com/attachment/2018072518320200103210994_tc.pdf or
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0725/ltn20180725643.pdf>

- (ii) from pages 62 to 260 of the annual report of the Company for the year ended 31 March 2019 published on 23 July 2019, which can be accessed via the link at

http://www.carrianna.com/attachment/2019072319160171193565864_tc.pdf or
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0723/ltn20190723462.pdf>

- (iii) from pages 73 to 264 of the annual report of the Company for the year ended 31 March 2020 published on 23 July 2020, which can be accessed via the link at

http://www.carrianna.com/attachment/202007231837271748590400_tc.pdf or
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0723/2020072300584.pdf>

- (iv) from pages 3 to 33 of the interim report of the Company for the six months ended 30 September 2019, which can be accessed via the link at

http://www.carrianna.com/attachment/201921716560110379100797_en.pdf or
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1217/2019121700509.pdf>

- (v) from pages 3 to 28 of the interim report of the Company for the six months ended 30 September 2020, which can be accessed via the link at

http://www.carrianna.com/attachment/2020121716400270989551724_en.pdf or
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1217/2020121700307.pdf>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

The following summary of financial information for each of the three years ended 31 March 2018, 2019 and 2020, the six months ended 30 September 2019 and the six months ended 30 September 2020 is extracted from the consolidated financial statements of the Company as set forth in the annual reports of the Company for the years ended 31 March 2018, 2019 and 2020 and the interim reports of the Company for the six months ended 30 September 2019 and the six months ended 30 September 2020, respectively.

RESULTS

	For the year ended 31 March			For the six months ended 30 September 2019	For the six months ended 30 September 2020
	2018	2019	2020	2019	2020
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE	932,620	970,210	1,031,070	572,958	475,968
Cost of sales	(477,427)	(499,896)	(553,412)	(220,819)	(186,983)
Gross profit	455,193	470,314	477,658	352,139	288,985
Other income and gains, net	245,429	79,218	116,321	113,372	117,454
Selling and distribution expenses	(203,679)	(206,806)	(200,261)	(146,282)	(102,423)
General and administrative expenses	(144,413)	(147,680)	(140,075)	(117,512)	(83,569)
Other expenses, net	(51,522)	(55,952)	(36,005)	(22,415)	(1,414)
Finance costs	(48,696)	(53,345)	(77,259)	(37,410)	(28,997)
Share of profits and losses of associates	231,767	256,623	(71,804)	(33,305)	(34,373)
PROFIT BEFORE TAX	484,079	342,372	68,575	108,587	155,663
Income tax expense	(152,677)	(41,652)	(53,714)	(37,554)	(42,296)
PROFIT FOR THE YEAR	331,402	300,720	14,861	71,033	113,367
Attributable to:					
Owners of the parent	317,017	277,958	14,123	48,600	87,374
Non-controlling interests	<u>14,385</u>	<u>22,762</u>	<u>738</u>	<u>22,433</u>	<u>25,993</u>
	<u>331,402</u>	<u>300,720</u>	<u>14,861</u>	<u>71,033</u>	<u>113,367</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

	For the year ended 31 March			For the six months ended 30 September	For the six months ended 30 September
	2018	2019	2020	2019	2020
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
	HK cents	HK cents	HK cents	HK cents	HK cents
– Basic	25.27	22.12	1.12	3.87	6.95
	HK cents	HK cents	HK cents	HK cents	HK cents
– Diluted	25.21	22.11	1.12	3.86	6.95
PROFIT FOR THE YEAR/ PERIOD	331,402	300,720	14,861	71,033	113,367
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Available-for-sale investments:					
Changes in fair value	23,624	–	–	–	–
Exchange differences:					
Exchange differences on translation of foreign operations and reclassification adjustment on disposal and deregistration of foreign operations	188,275	(146,543)	(145,874)	(139,093)	47,337
Share of other comprehensive income/ (loss) of associates	52,666	(44,517)	(18,785)	(16,619)	22,345
	240,941	(191,060)	(164,659)	(155,712)	69,682

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

	For the year ended 31 March			For the six months ended	For the six months ended
	2018	2019	2020	30 September	30 September
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at fair value through other comprehensive income:					
Changes in fair value	–	(70,902)	(66,973)	(42,682)	(4,804)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	264,565	(261,962)	(231,632)	(198,394)	64,878
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	595,967	38,758	(216,771)	(127,361)	178,245
Attributable to:					
Owners of the parent	576,142	18,881	(211,662)	(147,187)	152,085
Non-controlling interests	19,825	19,877	(5,109)	19,826	26,160
	<u>595,967</u>	<u>38,758</u>	<u>(216,771)</u>	<u>(127,361)</u>	<u>178,245</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP****ASSETS AND LIABILITIES**

	As at 31 March		As at 30 September		As at 30 September
	2018	2019	2020	2019	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	744,965	807,215	741,979	741,979	747,623
Investment properties	1,764,648	1,822,580	1,982,167	1,982,167	2,052,277
Right-of-use assets	–	–	137,355	137,355	110,936
Prepaid land lease payments	12,954	31,315	–	–	–
Goodwill	58,928	50,207	76,451	76,451	76,451
Interests in associates	786,548	993,174	916,728	916,728	938,658
Available-for-sale investments	295,959	–	–	–	–
Equity investment designated at fair value through other comprehensive income	–	175,098	104,225	104,225	98,666
Derivative financial instrument	139	41	–	–	–
Properties under development	366,693	298,520	286,440	286,440	305,075
Deferred tax assets	–	49	719	719	704
Other receivables, deposits and prepayments	426,548	304,069	349,043	349,043	431,531
Pledged time deposits	<u>35,018</u>	<u>35,492</u>	<u>15,014</u>	<u>15,014</u>	<u>24,589</u>
Total non-current assets	<u>4,492,400</u>	<u>4,517,760</u>	<u>4,610,121</u>	<u>4,610,121</u>	<u>4,786,510</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

	As at 31 March			As at 30 September	As at 30 September
	2018	2019	2020	2019	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CURRENT ASSETS					
Properties under development	–	68,392	–	–	–
Properties held for sale	560,536	527,622	439,923	439,923	453,731
Inventories	26,212	24,220	32,927	32,927	23,298
Tax recoverable	590	535	573	573	939
Trade receivables	38,103	23,571	52,245	52,245	87,068
Other receivables, deposits and prepayments	448,954	656,336	246,930	246,930	166,872
Due from directors	6,661	10,498	5,984	5,984	4,475
Due from non-controlling shareholders	207	206	6	6	–
Due from an associate	81,960	60,736	272,656	272,656	395,963
Financial assets at fair value through profit or loss	112,482	197,097	185,995	185,995	197,424
Equity investment designated at fair value through other comprehensive income	–	37,643	39,004	39,004	41,405
Structured deposits	124,264	817	241,103	241,103	121,583
Restricted cash	602	90	167	167	127
Pledged time deposits	9,151	9,920	19,682	19,682	19,275
Cash and bank balances	348,950	126,259	245,895	245,895	374,397
Investment properties classified as held for sale	<u>55,200</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total current assets	<u>1,813,872</u>	<u>1,743,942</u>	<u>1,783,090</u>	<u>1,783,090</u>	<u>1,886,557</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

	As at 31 March			As at 30 September	As at 30 September
	2018	2019	2020	2019	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CURRENT LIABILITIES					
Trade payables	(45,537)	(51,012)	(51,987)	(51,987)	(99,166)
Other payables, accruals and deposits received	(363,044)	(341,790)	(317,802)	(317,802)	(382,668)
Provisions	(2,037)	(1,050)	(960)	(960)	(740)
Due to directors	(5,069)	(485)	(654)	(654)	–
Due to non-controlling shareholders	(28,051)	(22,391)	(27,893)	(27,893)	(26,610)
Interest-bearing bank borrowings	(827,680)	(976,323)	(1,000,079)	(1,000,079)	(1,214,752)
Lease liabilities	–	–	(66,449)	(66,449)	(54,017)
Finance lease payables	(18)	(18)	–	–	–
Deferred income	(22,461)	(35,328)	(31,543)	(31,543)	(32,850)
Tax payable	(244,486)	(248,556)	(244,775)	(244,775)	(286,971)
Total current liabilities	<u>(1,538,383)</u>	<u>(1,676,953)</u>	<u>(1,742,142)</u>	<u>(1,742,142)</u>	<u>(2,097,774)</u>
NET CURRENT (LIABILITIES) ASSETS	<u>275,489</u>	<u>66,989</u>	<u>40,948</u>	<u>40,948</u>	<u>(211,217)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,767,889</u>	<u>4,584,749</u>	<u>4,651,069</u>	<u>4,651,069</u>	<u>4,575,293</u>
NON-CURRENT LIABILITIES					
Accruals and deposits received	(59,539)	(56,735)	(8,115)	(8,115)	(7,007)
Interest-bearing bank borrowings	(330,227)	(308,576)	(675,133)	(675,133)	(457,657)
Lease liabilities	–	–	(59,922)	(59,922)	(41,418)
Finance lease payables	(43)	(25)	–	–	–
Deferred income	(168,013)	(142,646)	(88,866)	(88,866)	(92,569)
Deferred tax liabilities	(249,133)	(243,289)	(253,217)	(253,217)	(266,577)
Provisions	(3,261)	(3,412)	(2,812)	(2,812)	(2,704)
Total non-current liabilities	<u>(810,216)</u>	<u>(754,683)</u>	<u>(1,088,065)</u>	<u>(1,088,065)</u>	<u>(867,932)</u>
Net assets	<u>3,957,673</u>	<u>3,830,066</u>	<u>3,563,004</u>	<u>3,563,004</u>	<u>3,707,361</u>

Save as disclosed above, there are no other items of any income or expense which are material.

The auditors of the Company for the three years ended 31 March 2018, 2019 and 2020, the six months ended 30 September 2019 and the six months ended 30 September 2020 were Ernst & Young. Their opinions on the consolidated financial statements of the Group for each of the three years ended 31 March 2018, 2019 and 2020 were unqualified.

2. INDEBTEDNESS

As at the close of business on 31 March 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness as summarised below:

- (i) secured bank borrowings of approximately HK\$1,624.0 million (being the aggregate outstanding amount relating to bank loans from 14 banks which mainly consisted of term loan, revolving loan, mortgage loan, corporate tax loan, etc.) that were secured by the Group's properties, plant and equipment, investment properties, properties held for sale, time deposits and financial assets at fair value through profit or loss;
- (ii) unsecured bank borrowings of outstanding principal amount of approximately HK\$20.0 million;
- (iii) amounts due to non-controlling Shareholders of approximately HK\$26.8 million which is non-trade in nature, unsecured, interest-free and repayable on demand;
- (iv) lease liabilities of approximately HK\$89.2 million which had been recognised in the form of a financial liability as lease liabilities in the Group's financial statements in accordance with HKFRS 16 at 31 March 2021; and
- (v) contingent liabilities relating to guarantees given to bank for mortgage loan facilities granted to purchasers of properties of approximately HK\$1.9 million.

Save as aforesaid and normal trade and other payables in the ordinary course of business, as at the close of business on 31 March 2021, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities.

3. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed below, the Directors are not aware of any material change in the financial or trading position of the Group as at 31 March 2020, the date to which the latest published audited financial statements of the Group were made up:

- (i) the entering into and completion of the Share Placing Agreement as disclosed in the Company's announcement dated 31 March 2021 with net proceeds of approximately HK\$55.8 million which were intended for the partial repayment of bank borrowings. As at the Latest Practicable Date, the Company has utilised approximately HK\$15.0 million for partial repayment of bank borrowings. The impact on the Company's financial position in respect of the Share Placing was an increment of approximately HK\$55.8 million to the Company's assets.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group is principally engaged in investment holding, property investment and development, and the operations of hotel, restaurant and food businesses.

2020 had been a difficult year. The global trade disputes and COVID-19 had hindered economic activities and caused instability to the global economy. Economic activities were widely disrupted as lockdowns and travel bans were imposed in various cities. Local demand was weakened and uncertainty surrounding the pandemic lingered. However, the Group responded quickly to address the situation by reducing operating costs and adjusting market strategies to improve market share and alleviate the negative impact of COVID-19.

Mainland China saw a steep 6.8% year-to-year drop in GDP in the first quarter of 2020. However, with its ability to contain the COVID-19, Mainland China's economy clearly bounced back in the second quarter of 2020. It is expected that China will continue to adopt its monetary easing policies and GDP is estimated to rise to over 7% in 2021. Although there are economic uncertainties and challenges ahead, management remains positive and cautiously optimistic about the prospects of the Group's property investment and development business and the restaurant and food business.

Management will continue to focus its business development in the Greater Bay Area where demand for commercial buildings and office towers will remain strong. Also, the land supply shortage, low level of interest rate and strong end-user demand will continue to provide a strong support to the residential property market in Hong Kong. While the existing investment property portfolio provides steady income flow, the new Guangzhou South Station Property and the 2 Shum Shui Po property re-development projects will provide additional income return to the Group in the short and medium term.

Management has seen the picking up again of the Group's restaurant and bakery business from the second quarter of 2020. With the successful testing of the vaccines for COVID-19 and its introduction in the first quarter of 2021, there will be gradual easing of lockdowns and travel bans and resuming of business activities. Management will continue to control costs and adjust its business strategies in response to market changes to increase competitiveness. The Group is confident that the restaurant and bakery business performance will continue to improve in the coming year.

In addition, with the advanced Hainan production facility in operation, the Group is optimistic about the expansion of its food business in the Mainland. The new bread production line has commenced its operation in November 2020. Besides, the factory is expected to produce packaged Hainan-style food and Chinese-style dry meat products in 2021, so that the food business will become more diversified and continue to contribute to the growth of the Group's food business in the next few years.

1. RESPONSIBILITY STATEMENT

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

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Group. 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 is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the allotment and issue of the Subscription Shares will be, as follows:

(a) As at the Latest Practicable Date

Authorised: HK\$

<u>2,000,000,000</u>	Share of HK\$0.10 each	<u>200,000,000</u>
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Issued and fully-paid:

<u>1,382,796,290</u>	Share of HK\$0.10 each	<u>138,279,629</u>
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(b) Immediately following the allotment and issue of the Subscription Shares

Authorised: HK\$

<u>2,000,000,000</u>	Share of HK\$0.10 each	<u>200,000,000</u>
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Issued and fully-paid:

1,382,796,290	Share of HK\$0.10 each	138,279,629
188,563,130	Subscription Shares to be allotted and issued under the Shares Subscription	18,856,313
1,571,359,420	Shares of HK\$0.10 each	157,135,942

All the Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital.

Save for the Subscription Shares to be issued under the Shares Subscription and the Placing Shares, the Company had not issued any Shares since 31 March 2020.

No application is being made or is currently proposed or sought for the Shares or the Subscription Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

As at the Latest Practicable Date, the relevant securities of the Company comprise:

- (i) 1,382,796,290 Shares in issue; and
- (ii) 11,600,000 outstanding Share Options with exercise price of HK\$0.714 per Share Option (which entitle the holders of the Share Options to subscribe for 11,600,000 Shares under the Share Option Scheme).

Save as disclosed above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
30 September 2020	0.50
30 October 2020	0.48
30 November 2020	0.44
31 December 2020	0.48
29 January 2021	0.46
26 February 2021	0.50
5 March 2021 (being the Last Trading Day)	0.50
31 March 2021	0.50
30 April 2021	0.53
7 May 2021 (the Latest Practicable Date)	0.54

The highest and lowest closing prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.59 on 9 September 2020 and 10 September 2020 and HK\$0.435 on 20 November 2020, 26 November 2020 and 27 November 2020 respectively.

4. DISCLOSURE OF INTEREST

(a) Directors' and chief executives' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 to the Listing Rules or (iv) required under the Takeovers Code, were as follows:

The Company

Name of Director	Capacity/nature of interests	Number of Shares held and nature of interest			Underlying Shares pursuant to share options (note 1)	Total	Percentage of the Company's issued share capital
		Personal interests	Family interests	Other interests			
Mr. KC Ma	Beneficial owner, security interest in shares, interest of spouse and beneficiary of trust	361,283,986 (note 8)	7,050,000 (note 2)	259,129,025 (note 3)	–	627,463,011 (L)	45.38%
Mr. KY Ma	Beneficial owner, security interest in shares, interest of spouse and beneficiary of trust	204,198,714 (note 8)	3,200,000 (note 4)	101,201,040 (notes 5 & 6)	–	308,599,754 (L)	22.32%
Mr. John Ma	Beneficial owner, interest of spouse	476,000	2,044,000 (note 7)	–	2,000,000	4,520,000 (L)	0.33%
Chan Francis Ping Kuen	Beneficial owner	–	–	–	6,000,000	6,000,000 (L)	0.43%

L – Long position

Notes:

- The underlying Shares represent interests of options granted to the directors and senior executives under the Share Option Scheme to acquire shares of the Company.
- The Shares were owned by Cheung Lin Kiu, the spouse of Mr. KC Ma.
- Mr. KC Ma and his family are the objects of a discretionary trust which effectively owns the entire issued share capital of Regent World and 70% of the entire issued share capital of Bond Well. As at the Latest Practicable Date, Regent World owned 184,121,625 Shares and Bond Well owned 75,007,400 Shares.
- The Shares were owned by Kwok Kit Mei, the spouse of Mr. KY Ma.
- Mr. KY Ma and his family are the objects of a discretionary trust which effectively owns the entire issued share capital of Grand Wealth and Peaceful World. As at the Latest Practicable Date, Grand Wealth owned 74,651,040 Shares and Peaceful World owned 19,050,000 Shares.
- Peaceful World owns the entire issued share capital of Real Potential. As at the Latest Practicable Date, Real Potential owned 7,500,000 Shares. The interests of Real Potential in the Company are therefore deemed to be the interests of Peaceful World in which Mr. KY Ma is also deemed to have interests for the reason as stated in note 5 above.
- The shares were owned by Choi Ka Man, Carman, the spouse of Mr. John Ma.

8. Included in “Personal interests” are (i) 125,428,754 Shares owned by Rainbow Choice, of which 62,714,377 Shares were charged in favour of Mr. KC Ma, and 62,714,377 Shares were charged in favour of Mr. KY Ma; (ii) 204,288,044 Shares and 47,202,772 Shares held by Mr. KC Ma and Mr. KY Ma respectively and (iii) 94,281,565 Shares and 94,281,565 Shares to be subscribed by Mr. KC Ma and Mr. KY Ma respectively under the Shares Subscription.
9. The percentage is calculated on the basis of 1,382,796,290 Shares in issue as at the Latest Practicable Date.

Subsidiaries

Name of subsidiary	Name of director	Capacity	Number of shares held (L)	Type of shares	Percentage of the subsidiary's issued share capital (ordinary shares)
Ginza Development Company Limited	Mr. KC Ma	Beneficial owner	15	Ordinary	2.5%
Ginza Development Company Limited	Mr. KY Ma	Beneficiary of trust	18	Ordinary	3%
Gartrend Development Limited	Mr. KC Ma	Beneficial owner	500,000	Non-voting deferred	N/A
Gartrend Development Limited	Mr. KY Ma	Beneficial owner	500,000	Non-voting deferred	N/A
Tak Sing Alliance Limited	Mr. KC Ma	Beneficial owner	9,000	Non-voting deferred	N/A
Tak Sing Alliance Limited	Mr. KY Ma	Beneficial owner	1,000	Non-voting deferred	N/A
昆明佳寧娜食品有限公司	Mr. KC Ma	Beneficial owner	N/A	N/A	15%

L – Long position

In addition to the above, Mr. KC Ma and Mr. KY Ma have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with their minimum company membership requirements in prior years.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code or (iv) required under the Takeovers Code.

(b) substantial shareholders' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities of the Company or any member of the Group were as follows:

Name of Substantial shareholders	Capacity/nature of interests	Notes	Number of Shares held	Percentage of the Company's issued share capital
East Asia International Trustees Limited	Trustee	a	360,330,065 (L)	26.06%
Golden Yield Holdings Limited	Interest in controlled corporations	b	259,129,025 (L)	18.74%
Regent World Investments Limited	Holding corporation	b	184,121,625 (L)	13.32%
Wealthy Platform Limited	Interest in controlled corporations	c	101,201,040 (L)	7.32%
Bond Well Investments Limited	Holding corporation	b	75,007,400 (L)	5.42%
Grand Wealth Investments Limited	Holding corporation	c	74,651,040 (L)	5.40%
Rainbow Choice Holding Group Limited	Beneficial owner	d	125,428,754 (L/S)	9.07%
Chen Chu Zhen	Interest in controlled corporation	d	125,428,754 (L/S)	9.07%
Ng Sze Ping	Interest of spouse	d	125,428,754 (L/S)	9.07%

L – Long position

S – Short position

Notes:

- a. East Asia International Trustees Limited (“EAIT”) is the trustee of a discretionary trust of which Mr. KC Ma and his family are the objects and through its wholly-owned subsidiary, Golden Yield Holdings Limited (“Golden Yield”), EAIT was indirectly interested in 259,129,025 Shares. EAIT is also the trustee of a discretionary trust of which Mr. KY Ma and his family are the objects and through its wholly-owned subsidiary, Wealthy Platform Limited (“Wealthy Platform”), EAIT was indirectly interested in 101,201,040 Shares. As at the Latest Practicable Date, EAIT was effectively interested in a total of 360,330,065 Shares.

- b. Golden Yield by owning the entire issued share capital of Regent World and 70% of the entire issued share capital of Bond Well, was indirectly interested in a total of 259,129,025 Shares. The total shares held by both Regent World and Bond Well are the same block of shares as disclosed in “Other interests” of Mr. KC Ma under the section headed “Directors’ and chief executives’ interests and short positions in shares and underlying shares” set out above.
- c. Wealthy Platform by owning the entire issued share capital of Grand Wealth and Peaceful World and indirectly owning the entire issued share capital of Real Potential through Peaceful World, was indirectly interested in 101,201,040 Shares. The total shares held by Grand Wealth, Peaceful World and Real Potential are the same block of shares as disclosed in “Other interests” of Mr. KY Ma under the section headed “Directors’ and chief executives’ interests and short positions in shares and underlying shares” set out above.
- d. Rainbow Choice is wholly owned by Chen Chu Zhen. 62,714,377 Shares owned by Rainbow Choice were charged in favour of Mr. KC Ma and 62,714,377 Shares were charged in favour of Mr. KY Ma. Ng Sze Ping is the spouse of Chen Chu Zhen.
- e. The percentage is calculated on the basis of 1,382,796,290 Shares in issue as at the Latest Practicable Date.

Saved as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital or relevant securities of the Company or any member of the Group.

5. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date,

- (a) save for the Shares Subscription and save as disclosed in the section headed “Information of the Subscribers and Ma Family” in the letter from the Board and the section headed “4. Disclosure of interest” in this appendix, none of the Subscribers and parties acting in concert with them held any securities, options, warrants, convertible securities and derivatives of the Company;
- (b) save for the Shares Subscription, none of the Subscribers and parties acting in concert with them had dealt in the securities, options, warrants, convertible securities and derivatives of the Company during the Relevant Period;

- (c) no Shares acquired by the Subscribers and parties acting in concert with them pursuant to the Shares Subscription will be transferred, charged or pledged to any other persons;
- (d) no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the SGM to approve the Shares Subscription, the Specific Mandate and the Whitewash Waiver;
- (e) save for the Shares Subscription Agreement, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Subscribers and parties acting in concert with them on one part and any other person;
- (f) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Subscribers and parties acting in concert with them and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Shares Subscription, the Specific Mandate and/or the Whitewash Waiver;
- (g) save for the Shares Subscription Agreement, there were no agreements or arrangements to which the Subscribers and parties acting in concert with them is a party which relate to the circumstances in which it/he may or may not invoke or seek to invoke a condition to the Shares Subscription and the consequences of its doing so, including details of any break fees payable as a result;
- (h) the Company did not have any interest in the securities, options, warrants, convertible securities and derivatives of the Subscribers and/or any parties acting in concert with them and had no dealings in the securities, options, warrants, convertible securities and derivatives of the Subscriber and/or parties acting in concert with him during the Relevant Period;
- (i) none of the Company or the Directors (other than the Subscribers) had any interest in the securities, options, warrants, convertible securities and derivatives of the Subscribers and/or any parties acting in concert with them;
- (j) save for the Shares Subscription by the Subscribers, none of the Directors had dealt for value in the securities, options, warrants, convertible securities and derivatives of the Company or the Subscriber during the Relevant Period;

- (k) no Share or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code or by the IFA or any of its associates (as defined in the Takeovers Code), and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (l) no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code, and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (m) no securities, options, warrants, convertible securities and derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company, nor did any such fund managers deal in any securities, options, warrants, convertible securities and derivatives of the Company during the Relevant Period;
- (n) during the Relevant Period, no securities, options, warrants, convertible securities and derivatives of the Company had been borrowed or lent by any of the Directors or by the Company or by the Subscribers or parties acting in concert with them;
- (o) save for the Shares Subscription Agreement, there was no agreement or arrangement between any of the Directors and any other person which was conditional or dependent on the outcome of the Shares Subscription, the Specific Mandate and/or the Whitewash Waiver or otherwise connected with the Shares Subscription, the Specific Mandate and/or the Whitewash Waiver;
- (p) no benefit had been given or will be given to any Directors as compensation for loss of office or otherwise in connection with the Shares Subscription, the Specific Mandate and/or the Whitewash Waiver;
- (q) save for the Shares Subscription Agreement entered into by the Subscribers, there was no material contract entered into by the Subscribers or parties acting in concert with them in which any Director had a material personal interest; and
- (r) save for the Subscribers and Mr. John Ma, none of the Directors beneficially held any Shares and accordingly, none of them will be entitled to vote to accept or reject the Shares Subscription, the Specific Mandate and/or the Whitewash Waiver.

6. DIRECTORS' SERVICE CONTRACTS

Mr. Liang Rui, an executive Director and the chief executive officer of the Company, entered into a letter of employment with the Company on 1 December 2020 and is entitled to an annual salary of RMB3,000,000 and a management bonus to be determined by the Board at its sole discretion in his capacity as executive director and the chief executive officer of the Company. After completion of the first six-month period (which may be extended by the Board), he is eligible to be granted a maximum of 10,000,000 share options in the Company in accordance with the terms and conditions of the Share Option Scheme. The actual number of share options to be granted will be determined by the Board at its sole discretion after reviewing Mr. Liang's performance. The appointment of Mr. Liang may be terminated by either party thereto giving to the other party a prior notice in writing of not less than one month during the first six-month period (which may be extended by the Board) and not less than three months after such period.

Mr. Chan Francis Ping Kuen, an executive Director, chief financial officer and company secretary of the company, entered into a letter of employment with the Company on 23 January 2020, pursuant to which Mr. Chan is entitled to an annual remuneration of HK\$1,500,000 and a management bonus determined with reference to the annual profit of the Group in his capacity as chief financial officer, executive director and company secretary of the Company. He is also eligible to be granted 6,000,000 share options in the Company after the appointment in accordance with the terms and conditions of the Share Option Scheme. The remuneration of Mr. Chan was determined with reference to his duties and responsibilities with the Group and the prevailing market rates. The appointment of Mr. Chan may be terminated by either party thereto giving to the other party a prior notice in writing of not less than three months.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with the Group or associated companies which: (i) has been entered into or amended within the Relevant Period, or (ii) is continuous contract with a notice period of 12 months or more, or (iii) is fixed term contract with more than 12 months to run irrespective of the notice period, or (iv) is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial shareholders of the Company or their respective close associates has any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group and/or has or may have any conflict of interest with the Group.

8. DIRECTORS' INTERESTS IN CONTRACT, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

Save for the Shares Subscription Agreement and the transactions contemplated thereunder, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

Save for the Shares Subscription Agreement and the transactions contemplated thereunder, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. LITIGATION

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

10. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date.

- (a) a shareholders agreement dated 24 May 2019 entered into among Goldfield Properties Limited (“**Goldfield**”), an indirect wholly-owned subsidiary of the Company, Fine Star Holdings Limited (“**Fine Star**”) and Mega Success Limited (“**Mega Success**”) in relation to the formation of the joint venture, i.e. Mega Success by the subscription for 100 Shares by Goldfield at a subscription price of HK\$1.00 per Share and the management and operation of the business of Mega Success upon completion of the subscription of shares, the issued share capital of Mega Success was owned as to 50% by Goldfield and 50% by Fine Star;

- (b) a transfer agreement dated 6 December 2019 entered into between 華東國際時尚物料城開發(連雲港)有限公司, an indirect wholly-owned subsidiary of the Company as vendor and 連雲港振盛置業有限公司 as purchaser in relation to the acquisition of (i) the land under construction with a total land area of approximately 83,618 square metres being the parcel of land numbered “H” situate at Lingang Industrial Area, Economic and Technological Development Zone of Lianyungang* (連雲港經濟技術開發區臨港產業區H地塊) together the land use right attached thereto owned by 華東國際時尚物料城開發(連雲港)有限公司 (the “**Land**”) for a cash consideration of RMB100,344,000, and (ii) the buildings under construction situated on the Land with an expected total floor area of approximately 200,677 square metres, more particularly known as 華東國際新城•東苑 for a cash consideration of RMB60,000,000;
- (c) a pre-sale agreement dated 29 May 2020 entered into between Yunan Longyu Property Development Company Limited* (雲南龍宇房地產開發有限公司) as vendor and Shenzhen Jiayizhan Trading Company Limited* (深圳市佳意棧貿易有限公司), an indirect wholly-owned subsidiary of the Company as purchaser in relation to the purchase of the commercial units of a commercial block to be constructed on a piece of land situated at the Fifth Avenue, Runcheng, Kunming, Yunan Province, PRC* (中國雲南省昆明市潤城第五大道) (the “**Building**”) numbered 8-S113, 8-S212, 8-S301 and 8-S401 and the ten car parking spaces at basement level 1 of the Building at the consideration of RMB41,150,001;
- (d) the Share Placing Agreement in relation to the placing of an aggregate of 125,708,754 Placing Shares completed on 31 March 2021 with net proceeds of approximately HK\$55.8 million;
- (e) the placing agreement dated 8 March 2021 (the “**CB Placing Agreement**”) entered into between the Company and the Placing Agent in relation to the placing of the convertible bonds in the aggregate principal amount of HK\$75,425,251.80 (the “**Convertible Bonds**”);
- (f) the deed of settlement dated 21 April 2021 entered into among the Company, the Placing Agent and Great Diamond Developments Limited in relation to the full and final settlement of the obligations and liabilities of the parties thereto under the Convertible Bonds and the CB Placing Agreement; and
- (g) the Shares Subscription Agreement.

* For identification purposes only

11. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the names and qualifications of the experts who have given its opinions and advice which are included in this circular:

Name	Qualification
Messis Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
AVISTA Valuation Advisory Limited	Independent professional property valuer
Guangdong Sun Law Firm	Qualified PRC lawyer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

12. MISCELLANEOUS

- (a) The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The principal place of business of the Company in Hong Kong is located at Units 26/F Phase II Wyler Centre, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The address of Mr. KC Ma is Flat A, 8/F., Tower 1, 23 Fo Chun Road, Mayfair By The Sea, Pak Shek Kok, Tai Po, New Territories, Hong Kong and the address of Mr. KY Ma is Flat C-2, 1/F., Fairland Garden, No. 7-10 Ho Man Tin Hill Road, Kowloon, Hong Kong.
- (b) The secretary of the Company is Mr. Chan Francis Ping Kuen, who is a member of the Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants.

- (c) The branch share registrar and transfer office of the Company is Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:00 p.m. at (i) the principal place of business of the Company in Hong Kong at Units 26/F Phase II Wyler Centre, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong; (ii) on the website of the SFC (<http://www.sfc.hk/>); and (iii) on the website of the Company (<http://www.carrianna.com>) during the period from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;
- (c) the letter from the IBC containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the IBC" in this circular;
- (d) the letter from IFA containing its advice to the IBC and the Independent Shareholders, the text of which is set out in the section headed "Letter from the IFA" in this circular;
- (e) the annual reports of the Company for each of the two years ended 31 March 2020 and the interim report for the six months ended 30 September 2020;
- (f) the letters of consent referred to under the paragraph headed "11. Qualifications and consents of experts" in this appendix;
- (g) the letters of employment referred to in the paragraph headed "6. Directors' Service Contracts" in this appendix;
- (h) the material contracts referred to in the paragraph headed "10. Material contracts" in this appendix;
- (i) the property valuation report (the "Property Valuation Report") on the properties of the Group issued by AVISTA Valuation Advisory Limited as set out in Appendix III to this circular;
- (j) the legal opinion issued by Guangdong Sun Law Firm as referred to in the Property Valuation Report; and
- (k) this circular.

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 28 February 2021 of the property interests held by the Group.



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10 May 2021

The Directors
Carrianna Group Holdings Company Limited
26th Floor
Wyler Centre Phase II
No. 200 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests of Carrianna Group Holdings Company Limited and its subsidiaries (hereinafter referred to as the “Group”) in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) and the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the market values as at 28th February 2021 (“valuation date”) for the purpose of incorporation in the circular.

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

In valuing the property interests in Group I and Group II (except Property Nos. 35, 36 and 37), we have valued the property by the direct comparison approach when there are comparable transactions available in the market and assuming sale of the properties in their existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. We have also taken into account the current rent passing of the property interests and the reversionary potential of the tenancies.

In valuing Property Nos. 35, 36 and 37 in Group II, there are no comparable transactions available in the market and we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

Our valuation has been made on the assumption that the owner sells the properties in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the properties. Furthermore, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuation.

In arriving of the valuation of properties in Hong Kong, we have caused searches to be made at the Land Registry. We have not caused title searches to be made for the property interests at the relevant government bureaus in the PRC. We have been provided with certain extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinion (“the PRC legal opinion”) provided by the Company’s PRC legal adviser, Guangdong Sun Law Firm.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30th June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People’s Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30th June 2047 and that an annual rent of three percent of the rateable value of the properties would be charged from the date of extension.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us and have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. Property Nos. 1 to 19 were inspected by Mr. Raymond Ho Kai Kwong, qualified surveyor during the period from 22nd to 26th March, 2021 and Property Nos. 20 to 42 were inspected by Mr. Wang Xu, Degree Holder of Real Estate Management and Appraisal in the PRC (with 16 years property valuation experience in the PRC) during the period from 15th to 26th March, 2021. In the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

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

Our valuation is prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars. The exchange rate used in valuing the property interest in the PRC as at 28th February 2021 was HK\$1 = RMB0.835. There has been no significant fluctuation in exchange rate between that date and the date of this letter.

There may be potential tax liability which would arise if the property interests were to be sold. Should disposal of the property interests located in the PRC be conducted, the potential tax liabilities arising may include value-added tax, corporation income tax (25% on net profit upon disposal), stamp duty (0.05% on transaction amount) and land appreciation tax (the applicable rate is ranging from 30% to 60% on the net appreciated amount less deductibles). Should disposal of the property interests located in the Hong Kong be conducted, the potential tax liabilities arising may include special stamp duty (in the range of 0% to 20% on transaction amount) and corporation profit tax (16.5% on net profit upon disposal). The Company has intention to dispose of Property No. 30 and hold the remaining properties.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over thirty one years' experiences in undertaking valuations of properties in Hong Kong SAR and has over twenty five years' experiences in valuations of properties in the PRC and Asia Pacific regions.

SUMMARY OF VALUATION

Group I – Property interests held by the Group in Hong Kong for investment

Property	Market Value in existing state as at 28th February 2021
1. Ground Floor including the cockloft, No. 61 South Wall Road, Kowloon City, Kowloon, Hong Kong	HK\$12,800,000
2. Factory units A to D on 15th Floor and car parking space No. 5 on Ground Floor, Young Ya Industrial Building, Nos. 381 – 389 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong	HK\$66,800,000
3. 26th Floor and Parking spaces Nos. P19 to P22, 39 and 40 on 2nd Floor and Lorry parking space No. L21 on 1st Floor, Wyler Centre Phase II (also known as Wyler Centre 2), Nos. 192–200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	HK\$91,500,000
4. Shop No.1 on Ground Floor together with the yard appurtenant thereto, Beverly Court, Nos. 151-159 Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong	HK\$17,100,000
5. Shop on Ground Floor, No. 188 Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong	HK\$20,900,000
6. 5th Floor and main roof, No. 35 Tsing Yuen Street, Tai Po, New Territories, Hong Kong	HK\$2,500,000
7. Ground Floor, No. 102 Main Street Ap Lei Chau, Ap Lei Chau, Hong Kong	HK\$31,800,000
8. Shop on Ground Floor and Cockloft, No. 186A Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong	HK\$11,600,000
9. Shop on Ground Floor, No. 270 Ki Lung Street, Sham Shui Po, Kowloon, Hong Kong	HK\$30,100,000
10. Flat F on 1st Floor, Gold Reserved Court, No.16 Tai Ming Lane, Tai Po, New Territories	HK\$4,000,000

Property	Market Value in existing state as at 28th February 2021
11. Unit 18 on 8th Floor, Wah Sang Industrial Building, Nos.14-18 Wong Chuk Yeung Street, Shatin, New Territories	HK\$4,700,000
12. Unit 19 on 8th Floor, Wah Sang Industrial Building, Nos.14-18 Wong Chuk Yeung Street, Shatin, New Territories	HK\$7,200,000
13. Ground Floor, No. 355 Sha Tsui Road, Tsuen Wan, New Territories	HK\$28,600,000
14. 2nd Floor including Flat Roof and Car parking space No. 19 on Ground Floor, Shui Sum Industrial Building, Castle Peak Road – Kwai Chung/Kwai Sau Road, Kwai Chung, New Territories, Hong Kong	HK\$40,600,000
15. No. 18 Ko Tong Ha Yeung (Lot No. 423 in D.D. 292), Sai Kung, New Territories, Hong Kong	HK\$7,200,000
16. Ground Floor and 1st Floor (including balcony), No. 17 Ko Tong Ha Yeung (Lot No. 424 in D.D. 292), Sai Kung, New Territories, Hong Kong	HK\$11,300,000
17. Lot Nos. 724, 726, 727, 731, 738 and 742 in D.D. 209, Sai Kung, New Territories, Hong Kong	HK\$3,000,000
18. Nos. 223, 223A, 225 and 225A, Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong	HK\$371,000,000
19. Nos. 300, 302, 304 and 306 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	HK\$347,000,000
Sub-total	<u>HK\$1,109,700,000</u>

Group II – Property interests held by the Group in the PRC for investment

Property	Market Value in existing state as at 28th February 2021
20. Various commercial units on Levels 1, 2, 4, 5 and 6, Carrianna Friendship Square, Chunfeng Road, Luo Hu District, Shenzhen, the PRC	RMB1,118,400,000 (equivalent to approximately HK\$1,339,401,000)
21. 44 office/residential units, Carrianna Friendship Square, Chunfeng Road, Luo Hu District, Shenzhen, the PRC	RMB127,000,000 (equivalent to approximately HK\$152,096,000)
22. Various retail units, residential units and car parking spaces of Imperial Palace, Baoan Road South, Luohu District, Shenzhen, the PRC	RMB197,680,000 (equivalent to approximately HK\$236,743,000)
23. 167 car parking spaces on basement Levels 2 and 3, Carrianna Friendship Square, Chunfeng Road, Luo Hu District, Shenzhen, the PRC	No commercial value
24. Carrianna Hotel, No.14 Zumiao Road, Chancheng District, Foshan City, Guangdong Province, the PRC	RMB103,630,000 (equivalent to approximately HK\$124,108,000)
25. A property located at Jiaotang Industrial Area, Shilou Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	RMB49,700,000 (equivalent to approximately HK\$59,521,000)
26. An industrial complex located at Chishandong Village, Shilou Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	RMB9,700,000 (equivalent to approximately HK\$11,617,000)

Property	Market Value in existing state as at 28th February 2021
27. Units A, B, C and D, 14th Floor and Unit South B on 17th Floor, Lianhua Building, Renmin South Road, Luohu District, Shenzhen, the PRC	RMB13,440,000 (equivalent to approximately HK\$16,096,000)
28. Units 301, 401, 501, 601, 701, 801, 901, 1001, 1101, 1201 and 1301 and 75 car parking spaces, Block 5, Hui Bo Commercial Centre, Guangzhou South Station, Shibi Street, Panyu District, Guangzhou City, Guangdong Province, the PRC	RMB278,670,000 (equivalent to approximately HK\$333,737,000)
29. Portion of a composite development located at the northern portion of Wandao Road, Quhai Community, Wanjiang District, Dongguan City, Guangdong Province, the PRC	RMB3,476,900,000 (equivalent to approximately HK\$4,163,952,000)
30. Unsold commercial units erected on Land Plots B and C located at Lianyungang Economic Technology Development Zone, Lianyungang City, Jiangsu Province, the PRC	RMB392,000,000 (equivalent to approximately HK\$469,461,000)
31. Land Plots E, F and G located at Lianyungang Economic Technology Development Zone, Lianyungang City, Jiangsu Province, the PRC	RMB317,400,000 (equivalent to approximately HK\$380,120,000)
32. Carrianna Hotel, Haitang Community, Chaoyang Office, Chaoyang District, Yiyang City, Hunan Province, the PRC	RMB236,310,000 (equivalent to approximately HK\$283,006,000)
33. Room Nos. 301, 302, 303, 304, 321, 322, 323, 324, 325 and 326, Shenzhen Centre Commercial Building, Mintian Road, Futian District, Shenzhen City, the PRC	RMB79,760,000 (equivalent to approximately HK\$95,521,000)

Property	Market Value in existing state as at 28th February 2021
34. 5 residential units in Li Xiang 0769 Jia Yuan, Wanjiang District, Dongguan City, Guangdong Province, the PRC	RMB14,130,000 (equivalent to approximately HK\$16,922,000)
35. An industrial complex located at Jinning Industrial Park, Jinning District, Kunming City, Yunnan Province, the PRC	RMB32,780,000 (equivalent to approximately HK\$39,257,000)
36. An industrial complex located at No. 18 Xingye Road, Xiuying District, Haikou City, Hainan Province, the PRC	RMB36,540,000 (equivalent to approximately HK\$43,760,000)
37. An industrial complex located at No. 168 Haiyu North Road, Yunlong County, Qiongzhan District, Haikou City, Hainan Province, the PRC	RMB118,520,000 (equivalent to approximately HK\$141,940,000)
38. A commercial building in Guorui Garden, No. 5 Haidian Liu East Road, Meilan District, Haikou City, Hainan Province, the PRC	RMB41,420,000 (equivalent to approximately HK\$49,605,000)
39. Block Nos. 1 and 2, Carrianna Apartment, No. 13 Meilin Road, Xiuying District, Haikou City, Hainan Province, the PRC	RMB47,240,000 (equivalent to approximately HK\$56,575,000)
40. Units 103, 203 and 303, Block No. 10, Guorui Garden, No. 5 Haidian Liu East Road, Meilan District, Haikou City, Hainan Province, the PRC	RMB10,230,000 (equivalent to approximately HK\$12,251,000)

Property	Market Value in existing state as at 28th February 2021
41. Car Parking Space Nos. 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 361, 362 and 363, Basement 1, Guorui Garden, No. 5 Haidian Liu East Road, Meilan District, Haikou City, Hainan Province, the PRC	RMB2,210,000 (equivalent to approximately HK\$2,647,000)
42. Unit 804, Block 3, Shijianxing Dormitory, Boya Road, Hekou Village, Fucheng Cheng East, Qionshan District, Haikou City, Hainan Province, the PRC	RMB950,000 (equivalent to approximately HK\$1,138,000)
Sub-total	RMB6,704,610,000 (equivalent to approximately <u>HK\$8,029,474,000</u>)
Grand-total	<u>HK\$9,139,174,000</u>

VALUATION CERTIFICATES

Group I – Property interests held by the Group in Hong Kong for investment

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
1. Ground Floor including the cockloft, No. 61 South Wall Road, Kowloon City, Kowloon, Hong Kong 8/20th equal and undivided shares of and in the remaining portion of New Kowloon Inland Lot No. 1819	<p>The property comprises a retail unit on Ground Floor together with its cockloft of a 6-storey composite building completed in or about 1976.</p> <p>The saleable area of the property is approximately 675 sq.ft. plus a yard of about 206 sq.ft. and a cockloft of about 260 sq.ft.</p> <p>The property is held under a Government Lease for a term of 75 years commencing from 1st July 1898 with the right of renewal for a further term of 24 years less the last three days thereof which has been statutorily extended to 30th June 2047.</p>	<p>The property is subject to a tenancy for a term commencing from 1st January 2020 and expiring on 31st December 2021 at a monthly rent of HK\$30,000.</p> <p>The property is occupied by the tenant as household store.</p>	HK\$12,800,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Tak Sing Alliance Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. UB1412045 dated 5th August 1977.
2. The property is subject to a mortgage to secure general banking and credit facilities in favour of Dah Sing Bank Limited vide a Memorial No. 14011301900067 dated 19th December 2013.
3. The property is subject to Rental Assignment in favour of Dah Sing Bank, Limited as trustee for the secured parties dated 19th December 2013 vide a memorial no. 14011301900072.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
2. Factory units A to D on 15th Floor and car parking space No. 5 on Ground Floor, Young Ya Industrial Building, Nos. 381 – 389 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong 121/3,175th equal and undivided shares of and in the Tsuen Wan Town Lot No. 83	The property comprises the whole on 15th Floor and a car parking space on Ground Floor of a 25-storey industrial building completed in about 1979. The total gross floor area of the property is approximately 27,920 sq.ft. (excluding of the car parking space) The property is held under a New Grant No. 4975 for a term of 99 years less the last three days commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is subject to various tenancies with the latest expiry date on 31st May 2025 at a total monthly rent of HK\$313,460. The property is occupied by the tenants for storage, office, car parking and ancillary uses.	HK\$66,800,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Tak Sing Alliance Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. TW183613 dated 24th September 1979.
2. The property is subject to a mortgage in favour of Chong Hing Bank Limited vide a Memorial No. TW1429746 dated 19th September 2001.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
3. 26th Floor and Parking spaces Nos. P19 to P22, 39 and 40 on 2nd Floor and Lorry parking space No. L21 on 1st Floor, Wyler Centre Phase II (also known as Wyler Centre 2), Nos. 192 – 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong 200/11,152nd equal and undivided shares of and in the remaining portion of Kwai Chung Town Lot No. 130 and the extension thereto.	<p>The property comprises the whole on 26th Floor and 6 private car parking spaces on 2nd Floor and a lorry parking space on 1st Floor of a 31-storey industrial building (exclusive of a single-storey basement) completed in about 1989.</p> <p>The gross floor area of the property is approximately 25,618 sq.ft. (excluding of the private car parking spaces and lorry parking space)</p> <p>The property is held under a New Grant No. 4694 for a term of 99 years less the last three days commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.</p>	<p>26th Floor, Parking spaces Nos. P21, P22, P39, P40 on 2nd Floor and Lorry parking space No. L21 on 1st Floor of the property are subject to various tenancies with the latest expiry date on 31st August 2021 at a total monthly rent of HK\$223,300. This portion of the property is occupied by the tenants for industrial, ancillary and car parking uses.</p> <p>The remaining portion of the property is occupied by the Group for car parking uses and vacant.</p>	HK\$91,500,000

Notes:

1. According to the Land Registry, the current registered owner of the 26th Floor and Parking spaces Nos. P19 to P22 on 2nd Floor of the property is Tak Sing Alliance Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. TW592622 dated 2nd June 1989.

The current registered owner of the Parking spaces Nos. 39 and 40 on 2nd Floor of the property is Tak Sing Alliance Limited vide a Memorial No. TW758141 dated 28th June 1991.

The current registered owner of the Lorry parking space No. L21 on 1st Floor of the property is Tak Sing Alliance Limited vide a Memorial No. TW596706 dated 2nd June 1991.

2. 26th Floor, Parking spaces Nos. P19 to P22 on 2nd Floor and Lorry parking space No. L21 on 1st Floor of the property are subject to a mortgage in favour of the Hongkong and Shanghai Banking Corporation Limited for all moneys vide a Memorial No. 16090202370034 dated 12th August 2016.
3. 26th Floor, Parking spaces Nos. P19 to P22 on 2nd Floor and Lorry parking space No. L21 on 1st Floor of the property are subject to Rental Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited dated 12th August 2016 vide a Memorial No. 16090202370047.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
4. Shop No.1 on Ground Floor together with the yard appurtenant thereto, Beverly Court, Nos. 151-159 Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong 43/747th equal and undivided shares of and in the remaining portions of Section B, C, D, E and F of New Kowloon Inland Lot No. 47	The property comprises a retail unit on Ground Floor of a 16-storey composite building completed in or about 1993. The saleable area of the property is approximately 1,012 sq.ft. plus a yard of about 111 sq.ft. The property is held under a Government Lease for a term of 75 years commencing from 1st July 1898 with the right of renewal for a further term of 24 years which has been statutorily extended to 30th June 2047.	The property is subject to a tenancy for a term commencing from 1st January 2021 and expiring on 31st December 2022 at a monthly rent of HK\$28,000. The property at present is occupied by the tenant as glass factory.	HK\$17,100,000 60% attributable to the Group: HK\$10,260,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Easymate Limited, a 60%-owned subsidiary of the Company, vide a Memorial No. 16120902180010 dated 28th November 2016.
2. The property is subject to a Tripartite Legal Charge/Mortgage to secure all moneys in respect of general banking facilities in favour of China Citic Bank International Limited vide a Memorial No. 16120902180028 dated 28th November 2016.
3. The property is subject to Rental Assignment in favour of China Citic Bank International Limited dated 28th November 2016 vide a Memorial No. 16120902180036.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
5. Shop on Ground Floor, No. 188 Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong	The property comprises a retail unit on Ground Floor of a 6-storey composite building completed in or about 1970.	The property at present is subject to various tenancies with the latest expiry date on 14th May 2025 at a total monthly rent of HK\$33,000.	HK\$20,900,000
2/36th equal and undivided shares of and in the remaining portion of New Kowloon Inland Lot No. 147	The saleable area of the property is approximately 1,144 sq.ft. plus a yard of about 80 sq.ft. The property is held under a Government Lease for a term of 75 years commencing from 1st July 1898 with the right of renewal for a further term of 24 years which has been statutorily extended to 30th June 2047.		60% attributable to the Group: HK\$12,540,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Jade Vision Limited, a 60%-owned subsidiary of the Company, vide a Memorial No. 17062302030017 dated 31st May 2017.
2. The property is subject to a Legal Charge to secure all monies in favour of OCBC Wing Hang Bank Limited vide a Memorial No. 17062302030022 dated 31st May 2017.
3. The property is subject to Deed of Assignment of Rental Income in favour of OCBC Wing Hang Bank Limited vide a Memorial No. 17062601610023 dated 31st May 2017.
4. The property is subject to Superseding Order No. "C/TD/002573/17/K" by the Building Authority under S.24(1) of Buildings Ordinance vide a Memorial No. 17083001060233 dated 27th July 2017. The Order has been complied vide a Memorial No. 19032901550222 dated 1st March 2019.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
6. 5th Floor and main roof, No. 35 Tsing Yuen Street, Tai Po, New Territories, Hong Kong	The property comprises a residential unit on 5th Floor with main roof of a 6-storey composite building completed in or about 1977.	The property is subject to various tenancies with the latest expiry date on 29th October 2022 at a total monthly rent of HK\$14,000.	HK\$2,500,000 90% attributable to the Group: HK\$2,250,000
1/14th equal and undivided shares of and in the Lot No. 953 in Demarcation District 6	The saleable area of the property is approximately 309 sq.ft. plus a roof of about 232 sq.ft.		
	The property is held under a Government Lease for a term of 75 years commencing from 1st July 1898 with the right of renewal for a further term of 24 years which has been statutorily extended to 30th June 2047.		

Notes:

1. According to the Land Registry, the current registered owner of the property is Gain Target Investments Limited, a 90%-owned subsidiary of the Company, vide a Memorial No. 17112301930568 dated 31st October 2017.
2. The property is subject to an Order No. "D00444/NT/08/MS/TC" for common areas and exterior of the building by the Building Authority under S.26 of Buildings Ordinance vide a Memorial No. 09052101160223 dated 20th April 2009.
3. The property is subject to a Notification Letter of completion of works relating to Order No. D00444/NT/08/MS/TC vide a Memorial No. 11071101230027 dated 13th June 2011.
4. The property is subject to a receipt on discharge of a charge vide a Memorial No. 18050301720221 dated 31st October 2017. (Deeds Pending Registration) (Registration Withheld)
5. The property is subject to a Memorandum of Satisfaction vide a Memorial No. 18050301720231 dated 31st October 2017. (Deeds Pending Registration) (Registration Withheld)

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
7. Ground Floor, No. 102 Main Street Ap Lei Chau, Ap Lei Chau, Hong Kong 1/4st equal and undivided share of and in Aplichau Inland Lot No. 71	The property comprises a retail unit on Ground Floor of a 4-storey composite building completed in or about 1959. The saleable area of the property is approximately 1,097 sq.ft. The property is held under a Government Lease for a term of 75 years commencing from 16th December 1957 with the right of renewal for a further term of 75 years.	The property is subject to a tenancy for a term commencing from 1st July 2020 and expiring on 30th June 2021 at a monthly rent of HK\$52,000.	HK\$31,800,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Graceful Profit Investments Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. 18060602060226 dated 15th May 2018.
2. The property is subject to Notice No. "UMB/SOC108/1401-101/0004" by the Building Authority under S.30B(3) of Buildings Ordinance vide a Memorial No. 18053002270097 dated 19th June 2015.
3. The property is subject to a Mortgage to secure all moneys in respect of general banking facilities in favour of Dah Sing Bank, Limited vide a Memorial No. 18082102060280 dated 31st July 2018.
4. The property is subject to a Rental Assignment in favour of Dah Sing Bank, Limited vide a Memorial No. 18082102060297 dated 31st July 2018.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
8. Shop on Ground Floor and Cockloft, No. 186A Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong 4/18th equal and undivided shares of and in the Remaining Portion of Section A of New Kowloon Inland Lot No. 174	The property comprises a retail unit on Ground Floor with a cockloft of a 6-storey composite building completed in or about 1963. The saleable area of the property is approximately 475 sq.ft. plus a yard of about 67 sq.ft. and a cockloft of about 417 sq.ft. The property is held under a Government Lease for a term of 75 years commencing from 1st July 1898 with the right of renewal for a further term of 24 years which has been statutorily extended to 30th June 2047.	The property at present is subject to various tenancies with the latest expiry date on 31st October 2021 at a total monthly rent of HK\$34,000.	HK\$11,600,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Mega Billion Capital Investment Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. 18072002210012 dated 28th June 2018.
2. The property is subject to a Mortgage to secure all moneys in favour of Hang Seng Bank Limited vide a Memorial No. 18072002210028 dated 28th June 2018.
3. The property is subject to Assignment of Rental and Sale Proceeds in favour of Hang Seng Bank Limited vide a Memorial No. 18072002210036 dated 28th June 2018.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
9. Shop on Ground Floor, No. 270 Ki Lung Street, Sham Shui Po, Kowloon, Hong Kong 1/18st equal and undivided shares of and in Section G of New Kowloon Inland Lot No. 43	The property comprises a retail unit on Ground Floor of a 9-storey composite building completed in or about 1963. The saleable area of the property is approximately 772 sq.ft. plus a yard of about 53 sq.ft. The property is held under a Government Lease for a term of 75 years commencing from 1st July 1898 with the right of renewal for a further term of 24 years which has been statutorily extended to 30th June 2047.	The property is subject to a tenancy for a term expiring on 31st July 2022 at a monthly rent of HK\$75,000.	HK\$30,100,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Happy Empire Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. 07022702360097 dated 12th February 2007.
2. The property is subject to an Order No. UBZ/U21-37/0019/09 by the Building Authority under S.24(1) of Buildings Ordinance vide a Memorial No. 11042901000268 dated 6th July 2010. The Order has been complied vide a Memorial No. 15062200780494 dated 28th May 2015.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
10.	Flat F on 1st Floor, Gold Reserved Court, No.16 Tai Ming Lane, Tai Po, New Territories 1/52st equal and undivided shares of and in the Lot No. 1791 in Demarcation District 6	The property comprises a residential unit on 1st Floor with flat roof of a 7-storey composite building completed in or about 1972. The saleable area of the property is approximately 454 sq.ft. plus a flat roof of about 86 sq.ft. The property is held under a New Grant No. 10351 for a term of 99 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is subject to various tenancies with the latest expiry date on 31st August 2022 at a total monthly rent of HK\$17,100.	HK\$4,000,000

Note:

According to the Land Registry, the current registered owner of the property is Cheerful Vision Limited, a wholly-owned subsidiary of the Company, vide a Memorial No. 18071002140118 dated 22nd June 2018.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
11. Unit 18 on 8th Floor, Wah Sang Industrial Building, Nos.14-18 Wong Chuk Yeung Street, Shatin, New Territories 4/1,725th equal and undivided shares of and in Sha Tin Town Lot No. 136	The property comprises an industrial unit on 18th Floor of a 25-storey industrial building completed in about 1986. The gross floor area of the property is approximately 1,253 sq.ft. The property is held under a New Grant No. 11634 for a term of 99 years less the last three days commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is occupied by the Group for industrial uses.	HK\$4,700,000 60% attributable to the Group: HK\$2,820,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Wider Profit Limited, a 60%-owned subsidiary of the Company, vide a Memorial No. 18082802110135 dated 13th August 2018.
2. The property is subject to a Tripartite Legal Charge/Mortgage to secure all monies in respect of general banking facilities in favour of China Citic Bank International Limited vide a Memorial No. 19012500960450 dated 2nd January 2019.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
12. Unit 19 on 8th Floor, Wah Sang Industrial Building, Nos.14-18 Wong Chuk Yeung Street, Shatin, New Territories 6/1,725th equal and undivided shares of and in Sha Tin Town Lot No. 136	The property comprises an industrial unit on 18th Floor of a 25-storey industrial building completed in about 1986. The gross floor area of the property is approximately 1,959 sq.ft. The property is held under a New Grant No. 11634 for a term of 99 years less the last three days commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is occupied by the Group for industrial uses.	HK\$7,200,000 60% attributable to the Group: HK\$4,320,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Best Pioneer Limited, a 60%-owned subsidiary of the Company, vide a Memorial No. 18082802110122 dated 13th August 2018.
2. The property is subject to a Tripartite Legal Charge/Mortgage to secure all monies in respect of general banking facilities in favour of China Citic Bank International Limited vide a Memorial No. 19012500960461 dated 2nd January 2019.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
13.	Ground Floor, No. 355 Sha Tsui Road, Tsuen Wan, New Territories	The property comprises a retail unit on Ground Floor of a composite building completed in or about 1971.	The property is subject to a tenancy for a term expiring on 30th June 2021 at a monthly rent of HK\$50,000.	HK\$28,600,000 70% attributable to the Group: HK\$20,020,000
	10/196th equal and undivided shares of and in Tsuen Wan Town Lot No. 136	The saleable area of the property is approximately 571 sq.ft.		
		The property is held under New Grant No. 4792 for a term of 99 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.		

Note:

According to the Land Registry, the current registered owner of the property is Magnificent Hong Kong Development Limited, a 70%-owned subsidiary of the Company, vide a Memorial No. 13022801280049 dated 8th February 2013.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
14.	2nd Floor including Flat Roof and Car parking space No. 19 on Ground Floor, Shui Sum Industrial Building, Castle Peak Road – Kwai Chung/Kwai Sau Road, Kwai Chung, New Territories, Hong Kong 83/1,526th equal and undivided shares of and in Kwai Chung Town Lot No. 174	The property comprises an industrial unit on 2nd Floor and a car parking space on Ground Floor of an industrial building completed in or about 1976. The saleable area of the property is approximately 11,554 sq.ft. and flat roof area is approximately 90 sq.ft. The property is held under New Grant No. TW4794 for a term of 99 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is currently vacant.	HK\$40,600,000 67% attributable to the Group: HK\$27,202,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Prestige Catering and Food Management Services Limited, a 67%-owned subsidiary of the Company, vide Memorial No. 19121701860043 dated 29th November 2019.
2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited vide a Memorial No. 19121701860051 dated 29th November 2019.
3. The property is subject to an Assignment of Rental and Sale Proceeds in favour of Hang Seng Bank Limited vide a Memorial No. 19121701860062 dated 29th November 2019.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
15.	No. 18 Ko Tong Ha Yeung (Lot No. 423 in D.D. 292), Sai Kung, New Territories, Hong Kong Whole of and in D.D. 292 Lot No. 423	The property comprises a 3-storey village type house. The saleable area of the property is approximately 751 sq.ft. (including balcony of approximately 106 sq.ft.) and roof area is approximately 100 sq.ft. The property is held under Government Lease for a term of 75 years renewable for 24 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is subject to a tenancy for a term expiring on 31st March 2022 at a monthly rent of HK\$9,000.	HK\$7,200,000 90% attributable to the Group: HK\$6,480,000

Note:

According to the Land Registry, the current registered owner of the property is Sky Group Properties Limited, a 90%-owned subsidiary of the Company, vide a Memorial No. 11042001090025 dated 25th March 2011.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
16.	Ground Floor and 1st Floor (including balcony), No. 17 Ko Tong Ha Yeung (Lot No. 424 in D.D. 292), Sai Kung, New Territories, Hong Kong 2/3rd equal and undivided shares of and in D.D. 292 Lot No. 424	The property comprises Ground Floor and 1st Floor of a 3-storey village type house completed in or about 2019. The saleable area of the property is approximately 898 sq.ft. (including balcony of approximately 106 sq.ft.) The property is held under Government Lease for a term of 75 years renewable for 24 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.	The property is subject to various tenancies with the latest expiry date on 6th July 2022 at a total monthly rent of HK\$16,900.	HK\$11,300,000 90% attributable to the Group: HK\$10,170,000

Note:

According to the Land Registry, the current registered owner of the property is Sky Best Properties Limited, a 90%-owned subsidiary of the Company, vide a Memorial No. 11042001090037 dated 25th March 2011.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
17. Lot Nos. 724, 726, 727, 731, 738 and 742 in D.D. 209, Sai Kung, New Territories, Hong Kong	<p>The property comprises 6 lots with an one storey village type house erected on it.</p> <p>The site area of the property is approximately 1,791 sq.ft.</p> <p>The property is held under Government Lease for a term of 75 years renewable for 24 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.</p>	The property is currently vacant.	HK\$3,000,000

Notes:

1. According to the Land Registry, the current registered owners of the property are as below:

Lot No.	Registered Owner	Memorial No.	Date
724	Jumbo Wave Investment Limited	18100801850250	29th August 2018
726	Win Gain Holdings Limited	17102701500059	10th October 2017
727	Win Gain Holdings Limited	18100801850249	29th August 2018
731	Glory Nice Investments Limited	17102701500037	10th October 2017
738	Max Link Investments Limited	18071601780045	15th June 2018
742	Joyful Rich Investments Limited	18060602060219	7th May 2018

2. The registered owners are the wholly-owned subsidiaries of the Company.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
18. Nos. 223, 223A, 225 and 225A, Hai Tan Street, Sham Shui Po, Kowloon, Hong Kong	The property comprises a rectangular site with a site area of approximately 4,729 sq.ft..	The property is currently under demolition.	HK\$371,000,000
Sub-section 1, Sub-section 2, Sub-section 3, and the Remaining Portion of Section A in New Kowloon Inland Lot No. 1897	Pursuant to the approved building plans, the property will be developed into a 26-storey composite building with a total gross floor area and saleable area of approximately 40,434 sq.ft. (3,756 sq.m.) and 30,073 sq.ft. (2,794 sq.m.) respectively.		50% attributable to the Group: HK\$185,500,000
	The property is held under Government Lease for a term of 75 years renewable for 24 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.		

Notes:

1. According to the Land Registry, the current registered owner of the property is Grand Creation Development Limited, a 50%-owned associated company of the Company, vide a Memorial No. 21022402370248 dated 1st February, 2021.
2. The property is zoned for “Residential (Group A) 6” under the approved Outline Zoning Plan No. S/K5/37 dated 6th December, 2016.
3. Pursuant to the proposed development plan provided by the Group, the property has been approved by the government to be developed into a block of composite commercial and residential building with recreation facilities. The proposed development is planned to be completed in Q1 2023.
4. According to the information provided by the Group, the total estimated construction costs (excluding professional fee) of the proposed development is about HK\$229,000,000.
5. On the basis assuming the proposed development to be erected on the property was completed as at the valuation date and on vacant possession basis, the Gross Development Value of the proposed development is HK\$795,000,000.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
19. Nos. 300, 302, 304 and 306 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong The Remaining Portion of Section B, Sub-section 1 and the Remaining Portion of Section C, Section D, Section E and the Remaining Portion of New Kowloon Inland Lot No. 2811	<p>The property comprises two blocks of 5-storey tenement buildings (excluding 2/F and 3/F of No. 302) erected on a rectangular site with a site area of about 4,709 sq.ft. (438 sq.m.).</p> <p>The total saleable area of the property is approximately (15,032 sq.ft.) (1,396 sq.m.) and completed in 1954 and 1955 respectively.</p> <p>The property is planned to be redeveloped into a high-rise composite building of a total gross floor area of about 39,740 sq.ft. (3,692 sq.m.)</p> <p>The property is held under Condition of Exchange No. 4113 for a term of 75 years renewable for 24 years commencing from 1st July 1898 which has been statutorily extended to 30th June 2047.</p>	The property is currently subject to 3 tenancies at a total monthly rent of HK\$160,000 with the latest expiry date on 7th August 2021.	HK\$347,000,000 50% attributable to the Group: HK\$173,500,000

Notes:

1. According to the Land Registry, the current registered owner of the property is Max Win Development (HK) Limited, a 50%-owned associated company of the Company.
2. The property is zoned for “Residential (Group A) 8” under the approved Outline Zoning Plan No. S/K5/37 dated 6th December, 2016.
3. Pursuant to the proposed development plan provided by the Group, the property is planned to be developed into a block of composite commercial and residential building with recreation facilities. The proposed development is planned to be completed in Q4 2024. The proposed development plan is planned to be submitted in July, 2021 and is expected to be approved by the government in October, 2021.
4. According to the information provided by the Group, the total estimated construction costs (excluding professional fee) of the proposed development is about HK\$229,000,000.
5. On the basis assuming the proposed development to be erected on the property was completed as at the valuation date and on vacant possession basis, the Gross Development Value of the proposed development is HK\$813,000,000.

Group II – Property interests held by the Group in the PRC for investment

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
20. Various commercial units on Levels 1, 2, 4, 5 and 6 Carrianna Friendship Square, Chunfeng Road, Luo Hu District, Shenzhen, the PRC	<p>The development the property located, Carrianna Friendship Square, comprises four 26-storey office/residential towers (namely Blocks A, B, C and D) and a 6-storey (exclusive of 3-storey basement) commercial arcade erected underneath completed in about 1997.</p> <p>The property comprises various commercial units on Levels 1, 2, 4, 5 and 6 of the commercial arcade.</p> <p>The total gross floor area of the property is approximately 29,779.28 sq.m. The details of the gross floor area of the property are summarized in Note 3.</p> <p>The land use rights were granted for a term of 50 years commencing from 18th December 1991 for commercial and finance uses.</p>	<p>The property is subject to various tenancies at a total monthly rent of RMB4,008,526 with the latest expiry date on 20th December 2028.</p> <p>The property is occupied by the tenants for retail and restaurant uses, vacant and occupied by the Group.</p>	<p>RMB1,118,400,000 (equivalent to approximately HK\$1,339,401,000)</p>

Notes:

- Pursuant to various Real Estate Ownership Certificates, the land use rights of the property were granted for a term of 50 years commencing from 18th December 1991 for commercial and finance uses and the property is owned by Carrianna Holdings Limited, Amica Properties Limited and 佳寧娜友誼廣場物業管理(深圳)有限公司, all are the wholly-owned subsidiaries of the Company.
- According to the information provided by the Group, the property comprises the following units in the commercial podium:

Level 1	:	Shop Units 2-12, 12A, 13-16, 18, 20-29, 31-33, 33A, 34-61 and 61A
Level 2	:	Shop Units 1, 2, 2B, 3A, 3B, 4, 5, 9-18, 20-23, 25, 29, 30, 32, 39, 40, 42, 44, 47, 48-59, 61-72 and 74
Level 4	:	Shop Units 1-6
Level 5	:	Shop Units 3-6, 6A, 7-10, 11A, 19A, 19B, 19C, 25-35
Level 6	:	Clubhouses 1 and 2

3. As advised by the Group, the details of the gross floor area of the property are as follows:

Level	Use	Approximate Gross
		Floor Area (sq.m.)
1	Commercial	6,618.24
2	Commercial	6,599.73
4	Commercial	8,935.00
5	Commercial	4,781.82
6	Clubhouse	<u>2,844.49</u>
Total		<u><u>29,779.28</u></u>

4. The PRC legal opinion states, *inter alia*, the following:

- (i) Carrianna Holdings Limited, Amica Properties Limited and 佳寧娜友誼廣場物業管理(深圳)有限公司 have legally owned the property and are entitled to occupy, use and transfer the property.
- (ii) The property is subject to various mortgages in favour of Standard Chartered Bank Limited, Nanyang Commercial Bank Limited and Bank of China Limited.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
21.	44 office/residential units, Carrianna Friendship Square, Chunfeng Road, Luo Hu District, Shenzhen, the PRC	<p>The development the property located, Carrianna Friendship Square, comprises four 26-storey office/residential towers (namely Blocks A, B, C and D) and a 6-storey (exclusive of 3-storey basement) commercial arcade erected underneath completed in about 1997.</p> <p>The property comprises 8 office/residential units in Block A, 23 office/residential units in Block B, 5 office/residential units in Block C and 8 office/residential units in Block D.</p> <p>The total gross floor area of the property is approximately 4,422.64 sq.m.</p> <p>According to the information provided by the Group, the land use rights of the property were granted for a term of 50 years commencing from 18th December 1991 for commercial, residential and office uses.</p>	<p>Portion of the property is subject to various tenancies with the latest expiry date on 30th September 2021 at a total monthly rent of RMB310,375 exclusive of management fee and other operating outgoings.</p> <p>The remaining portion of the property is either occupied by the Group or vacant.</p>	<p>RMB127,000,000</p> <p>(equivalent to approximately HK\$152,096,000)</p>

Notes:

1. Pursuant to various Real Estate Ownership Certificates, the land use rights of the property were granted for a term of 50 years commencing from 18th December 1991 for commercial and finance uses and the property is owned by Carrianna Holdings Limited and 佳寧娜友誼廣場物業管理(深圳)有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) Carrianna Holdings Limited and 佳寧娜友誼廣場物業管理(深圳)有限公司 have legally owned the property and are entitled to occupy, use and transfer the property.
 - (ii) The property is subject to various mortgages in favour of Standard Chartered Bank Limited, Nanyang Commercial Bank Limited and Bank of China Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
22. Various retail units, residential units and car parking spaces of Imperial Palace, Baoan Road South, Luohu District, Shenzhen, the PRC	<p>The property comprises various commercial units, 58 car parking spaces and 3 residential units of a 30-storey composite building completed in about 2001.</p> <p>The total gross floor area of the property is approximately 5,052 sq.m. (exclusive of the car parking spaces)</p> <p>The land use rights of the property were granted for a term of 70 years commencing from 7th August 1998.</p>	<p>The property is subject to various tenancies with the latest expiry date on 30th April 2024 at a total monthly rent of RMB608,739.</p> <p>The property is occupied by tenants for retail, residential, car parking uses.</p>	<p>RMB197,680,000</p> <p>(equivalent to approximately HK\$236,743,000)</p>

Notes:

1. Pursuant to various Real Estate Ownership Certificates, the land use rights of the property were granted for a term of 70 years commencing from 7th August 1988.

Furthermore, according to the information provided by the Group, the ownership of the land use rights and the building portion of the property is vested in 佳寧娜(深圳)投資有限公司, a wholly-owned subsidiary of the Company.

2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 佳寧娜(深圳)投資有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is subject to various mortgages in favour of Nanyang Commercial Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
23. 167 car parking spaces on basement Levels 2 and 3, Carrianna Friendship Square, Chunfeng Road, Luo Hu District, Shenzhen, the PRC	<p>The development the property located, Carrianna Friendship Square, comprises four 26-storey office/residential towers (namely Blocks A, B, C and D) and a 6-storey (exclusive of 3-storey basement) commercial arcade erected underneath completed in about 1997.</p> <p>The property comprises 91 car parking spaces on basement Level 2 and 76 car parking spaces on basement Level 3.</p> <p>The land use rights of the property were granted for a term of 50 years commencing from 18th December 1991 for commercial and finance uses.</p>	The property is occupied as car parking spaces at a monthly rent term.	No commercial value

Notes:

1. According to two Real Estate Ownership Certificates (Document Nos.: Shen Fang Di Zi Nos. 2000015333 and 2000015336), the land use rights of the property were granted for a term of 50 years commencing from 18th December 1991 for commercial and finance uses. The ownership of the property is vested in Carrianna Holdings Limited (76.2%), a wholly-owned subsidiary of the Company, and 深圳市奧康德投資開發有限公司 (23.8%).
2. We have ascribed no commercial value to the property due to the non-transferability of the property as stated in the above mentioned Real Estate Ownership Certificates. For indicative purpose, the market value of the property as at the valuation date is RMB33,400,000 (equivalent to approximately HK\$40,000,000) assuming the property is freely transferrable in the market.
3. The PRC legal opinion states, *inter alia*, the following:
 - (i) Carrianna Holdings Limited (76.2%) has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
24. Carrianna Hotel, No.14 Zumiao Road, Chancheng District, Foshan City, Guangdong Province, the PRC	<p>The property comprises a 4-star hotel development completed in between 1961 to 2001.</p> <p>The site area and total gross floor area of the property are approximately 16,702 sq.m. and 19,793 sq.m. respectively.</p> <p>The main building accommodates 153 guestrooms, Chinese restaurant, café, shops, business centre, conference rooms and an outdoor swimming pool.</p> <p>The ancillary buildings accommodate restaurant, massage and sauna facilities, Karaoke and ancillary facilities.</p> <p>The land use rights of the property were granted for a term expiring on 5th February 2045 for tourist uses.</p>	<p>The property is operated by the Group as a hotel.</p> <p>Portion of the ancillary buildings of the property are subject to various tenancies.</p>	<p>RMB103,630,000</p> <p>(equivalent to approximately HK\$124,108,000)</p>

Notes:

1. Pursuant to seven Real Estate Ownership Certificates (Document Nos.: Yue Fang Di Zheng Nos. 4094869 to 4094875), the land use rights of the property were granted for a term expiring on 5th February 2045 for tourist uses. The ownership of the property is vested in 佳寧娜(佛山)企業有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 佳寧娜(佛山)企業有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is a mortgage in favour of Hang Seng Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
25. A property located at Jiaotang Industrial Area, Shilou Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	The property comprises a parcel of land having a site area of approximately 13,114 sq.m. and 2 workshop buildings having a total gross floor area of approximately 18,922.30 sq.m. The land use rights of the property were granted for a term of 50 years commencing on 3rd January 2014 for industrial uses.	The property is subject to various tenancies.	RMB49,700,000 (equivalent to approximately HK\$59,521,000)

Notes:

1. According to two Real Estate Ownership Certificates (Document Nos.: Yue (2019) Guangzhou Real Estate Ownership Certificates Nos. 07215802 and 07215803), the land use rights of the property with a site area of approximately 13,114 sq.m. and the buildings of the property were granted to 廣州市達升服裝有限公司, a wholly-owned subsidiary of the Company for a term of 50 years commencing on 3rd January 2014 for industrial uses.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 廣州市達升服裝有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is subject to a mortgage in favour of Nanyang Commercial Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
26. An industrial complex located at Chishandong Village, Shilou Town, Panyu District, Guangzhou City, Guangdong Province, the PRC	<p>The property comprises a parcel of land together with four single to 5-storey buildings completed in about 1993 erected thereon.</p> <p>The site area and total gross floor area of the property are approximately 3,322 sq.m. and 4,646.9 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term commencing from 26th August 1997 and expiring on 25th August 2047 for industrial uses.</p>	<p>The property is subject to a tenancy for a term of 6 years commencing from 13th April 2017 and expiring on 31st August 2024. For the period from 1st September 2018 to 31st August 2021, the monthly rent is RMB66,550. For the period from 1st September 2021 to 31st August 2024, the monthly rent is RMB73,205.</p> <p>The property is occupied by the tenant for industrial and ancillary uses.</p>	<p>RMB9,700,000</p> <p>(equivalent to approximately HK\$11,617,000)</p>

Notes:

- Pursuant to four Real Estate Ownership Certificates, the land use rights of the property with a site area of approximately 3,322 sq.m. were granted to 廣州市達升服裝有限公司, a wholly-owned subsidiary of the Company, for a term commencing from 26th August 1997 and expiring on 25th August 2047 for industrial uses.

Furthermore, according to the aforesaid certificates, the ownership of the four buildings of the property is vested in 廣州市達升服裝有限公司. The particulars are as follows:

Building Name	Approximate Gross Floor		Real Estate Ownership Certificate (Document No.)
	Area (sq.m.)	No. of storey	
Workshop	3,407.6	4	Yue Fang Di Zheng Zi No. 1854193
Canteen and Dormitory	1,162.6	5	Yue Fang Di Zheng Zi No. 1854194
Guard Room	24.2	1	Yue Fang Di Zheng Zi No. 1854195
Power Room	<u>52.5</u>	1	Yue Fang Di Zheng Zi No. 1854196
Total	<u>4,646.9</u>		

- The PRC legal opinion states, *inter alia*, the following:
 - 廣州市達升服裝有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - The property is subject to a mortgage in favour of Nanyang Commercial Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
27. Units A, B, C and D, 14th Floor and Unit South B on 17th Floor, Lianhua Building, Renmin South Road, Luohu District, Shenzhen, the PRC	<p>The property located in Lianhua Building comprises a 26-storey office tower completed in about 1988.</p> <p>The total gross floor area of the property is approximately 557.20 sq.m.</p> <p>The land use rights of the property were granted for a term of 50 years commencing from 7th January 1981 for commercial and finance uses.</p>	<p>The property is subject to various tenancies with the latest expiry date on 15th January 2027 at a total monthly rent of RMB34,845.</p>	<p>RMB13,440,000</p> <p>(equivalent to approximately HK\$16,096,000)</p>

Notes:

1. According to 2 Real Estate Ownership Certificates (Document Nos.: Yue (2017) Shenzhen Shi Real Estate Right Nos. 0004728 and 0015752), the land use rights of the property were granted for a term of 50 years commencing from 7th January 1981 for commercial and finance uses. The property is vested in 佳寧娜(深圳)投資有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 佳寧娜(深圳)投資有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
28. Units 301, 401, 501, 601, 701, 801, 901, 1001, 1101, 1201 and 1301 and 75 car parking spaces, Block 5, Hui Bo Commercial Centre, Guangzhou South Station, Shibi Street, Panyu District, Guangzhou City, Guangdong Province, the PRC	<p>The property located in Block 5 of Hui Bo Commercial Centre comprises an office tower completed in about 2020.</p> <p>The total gross floor area of the property is approximately 9,202.85 sq.m.</p> <p>The land use rights of the property were granted for a term of 50 years commencing from 7th January 1981 for commercial and finance uses.</p>	The property is subject to various tenancies.	<p>RMB278,670,000</p> <p>(equivalent to approximately HK\$333,737,000)</p>

Notes:

1. According to a Pre-sale Purchasing Agreement, the property is purchased by 佳寧娜(廣州)商業地產經營管理有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 佳寧娜(廣州)商業地產經營管理有限公司 has applied for the Real Estate Ownership Certificates.
 - (ii) After obtaining the Real Estate Ownership Certificates, 佳寧娜(廣州)商業地產經營管理有限公司 is entitled to occupy, use and transfer the property.
 - (iii) There is no legal impediment for 佳寧娜(廣州)商業地產經營管理有限公司 to obtain the Real Estate Ownership Certificates. The Real Estate Ownership Certificates will be obtained in June 2021.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
29. Portion of a composite development located at the northern portion of Wandao Road, Quhai Community, Wanjia District, Dongguan City, Guangdong Province, the PRC	<p>The property comprises a parcel of land with a site area of approximately 78,268.50 sq.m., which represents Land Portion 1 (State-owned Land Use Rights Certificate: Dong Fu Guo Yong (2011) No. Te 139-1) and Land Portion 2 (State-owned Land Use Rights Certificate: Dong Fu Guo Yong (2011) No. Te 139-2) of site areas of approximately 17,336.70 sq.m. and 60,931.80 sq.m. respectively.</p> <p>The property comprises a portion of a composite commercial, office and serviced apartment development with a total gross floor area of approximately 413,330 sq.m. with a 1-storey basement providing about 1,540 car parking spaces.</p> <p>The land use rights of the property were granted for a term expiring on 16th December 2050 for commercial and finance uses.</p>	The property is subject to various tenancies.	<p>RMB3,476,900,000</p> <p>(equivalent to approximately HK\$4,163,952,000)</p> <p>50% attributable to the Group: RMB1,738,450,000</p> <p>(equivalent to approximately HK\$2,081,976,000)</p>

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (Document No.: Dong Guo Yong Chu Rang (Shi Chang) He (2010) No. 153) entered into between the State-owned Land Resource Bureau of Dongguan City, Guangdong Province, the PRC (中華人民共和國廣東省東莞市國土資源局)(Party A) and 華南國際採購交易中心有限公司 (Party B) dated 16th September 2010, the land use rights of the property were granted from Party A to Party B for a term of 40 years commencing on 16th December 2010 at a consideration of RMB 410,000,000 for commercial and finance uses.
- Pursuant to a State-owned Land Use Rights Certificate (Document No.: Dong Fu Guo Yong (2011) No. Te 139-1), the land use rights of the property with a site area of approximately 17,336.70 sq.m. were granted to 東莞金譽房地產開發有限公司 for a term expiring on 16th December 2050 for commercial and finance uses.
- Pursuant to a State-owned Land Use Rights Certificate (Document No.: Dong Fu Guo Yong (2011) No. Te 139-2), the land use rights of the property with a site area of approximately 60,931.80 sq.m. were granted to 東莞金譽房地產開發有限公司 for a term expiring on 16th December 2050 for commercial and finance uses.
- According to various Real Estate Ownership Certificates, the property is vested in 東莞金譽房地產開發有限公司, a 50%-owned associated company of the Company.
- The PRC legal opinion states, *inter alia*, the following:
 - 東莞金譽房地產開發有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - The property is subject to various mortgages in favour of Hang Seng Bank Limited and Rural Commercial Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
30. Unsold commercial units erected on Land Plots B and C located at Lianyungang Economic Technology Development Zone, Lianyungang City, Jiangsu Province, the PRC	<p>The property comprises the unsold commercial units with total gross floor area of approximately 81,637.22 sq.m. erected on 2 parcels of adjoining land with a total site area of approximately 236,761 sq.m.</p> <p>The land use rights of the property were granted for terms of 40 years and 70 years with the latest expiry date on 24th August 2079 for commercial and residential uses.</p>	The property is currently vacant.	<p>RMB392,000,000</p> <p>(equivalent to approximately HK\$469,461,000)</p>

Notes:

- Pursuant to four State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 236,761 sq.m. were granted to 華東國際時尚物料城開發(連雲港)有限公司, a wholly-owned subsidiary of the Company, for terms of 40 years and 70 years with the latest expiry date on 24th August 2079 for commercial and residential uses. The particulars are summarized as follows:

Land Plot	Approximate Site Area (sq.m.)	Use	Tenure expiry date	State-owned Land Use Rights Certificate (Document No.)
B	105,915.5	Commercial	7th December 2048	Lian Guo Yong (2008) Zi No. LY002697
C	130,845.5	Commercial	29th March 2049	Lian Guo Yong (2009) Zi No. LY000563
Total	<u>236,761</u>			

- The PRC legal opinion states, *inter alia*, the following:

- 華東國際時尚物料城開發(連雲港)有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
- The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
31. Land Plots E, F and G located at Lianyungang Economic Technology Development Zone, Lianyungang City, Jiangsu Province, the PRC	<p>The property comprises 4 parcels of adjoining land with a total site area of approximately 293,976.80 sq.m.</p> <p>The land use rights of the property were granted for terms of 40 years and 70 years with the latest expiry date on 24th August 2079 for commercial and residential uses.</p>	Land Plots E, F and G are currently vacant.	<p>RMB317,400,000</p> <p>(equivalent to approximately HK\$380,120,000)</p>

Notes:

- Pursuant to three State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 293,976.80 sq.m. were granted to 華東國際時尚物料城開發(連雲港)有限公司, a wholly-owned subsidiary of the Company, for terms of 40 years and 70 years with the latest expiry date on 24th August 2079 for commercial uses. The particulars are summarized as follows:

Land Plot	Approximate Site Area (sq.m.)	Use	Tenure expiry date	State-owned Land Use Rights Certificate (Document No.)
E	93,643	Commercial	24th August 2049	Lian Guo Yong (2009) Zi No. LY005125
F	77,756.6	Commercial	7th December 2048	Lian Guo Yong (2008) Zi No. LY002696
G	122,577.2	Commercial	24th August 2049	Lian Guo Yong (2009) Zi No. LY005128
Total	<u>293,976.8</u>			

- The PRC legal opinion states, *inter alia*, the following:

- 華東國際時尚物料城開發(連雲港)有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
- The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
32. Carrianna Hotel, Haitang Community, Chaoyang Office, Chaoyang District, Yiyang City, Hunan Province, the PRC	<p>The property comprises a 5 star hotel development completed in 2008</p> <p>The site area and total gross floor area of the property are approximately 34,489.59 sq.m. and 44,387.43 sq.m. respectively.</p> <p>The main building accommodates 182 guestrooms, Chinese restaurant, café, shops, business centre, conference rooms and an outdoor swimming pool.</p> <p>The ancillary buildings accommodate restaurant, massage and sauna facilities, Karaoke and ancillary facilities.</p> <p>The land use rights of the property were granted for a term expiring on 11th November 2045 for business uses.</p>	<p>The property at present is operated by the Group as a hotel.</p>	<p>RMB236,310,000</p> <p>(equivalent to approximately HK\$283,006,000)</p> <p>90% attributable to the Group: RMB212,679,000</p> <p>(equivalent to approximately HK\$254,705,400)</p>

Notes:

- According to a State-owned Land Use Right Certificate (Document No.: Yi Guo Yong (2008) No. D00296), the site area of the property are approximately 34,489.59 sq.m. and the land use rights of the property were granted for a term expiring on 11th November 2045 for business uses. The ownership of the property is vested in 益陽佳寧娜國際酒店管理有限公司, a 90%-owned subsidiary of the Company.
- According to 2 Building Ownership Certificates (Document Nos.: Yi Fang Quan Zheng Chao Zi Nos. 00116754 and 00116755), the total gross floor area of the property is approximately 44,387.43 sq.m. The ownership of the property is vested in 益陽佳寧娜國際酒店管理有限公司.
- The PRC legal opinion states, *inter alia*, the following:
 - 益陽佳寧娜國際酒店管理有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - The property is subject to a mortgage in favour of Hang Seng Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
33. Room Nos. 301, 302, 303, 304, 321, 322, 323, 324, 325 and 326, Shenzhen Centre Commercial Building, Mintian Road, Futian District, Shenzhen City, the PRC	<p>The property comprises 10 shop units in a 28-storey office tower completed in 2003</p> <p>The total gross floor area of the property is approximately 1,569.83 sq.m.</p> <p>The land use rights of the property were granted for a term of 50 years commencing from 23th April 2001 for commercial and office uses.</p>	The property at present is operated by the Group as a restaurant.	<p>RMB79,760,000</p> <p>(equivalent to approximately HK\$95,521,000)</p>

Notes:

1. According to 10 Real Estate Ownership Certificates (Document Nos.: Yue (2018) Shenzhen City Real Estate Ownership Nos. 0051000, 0050995, 0050800, 0051006, 0051001, 0050821, 00550815, 0050808, 0050802 and 0050675), the land use rights of the property were granted for a term of 50 years commencing from 23th April 2001 for commercial and office uses and the property of total gross floor area of approximately 1,569.83 sq.m. was vested in 佳寧娜(深圳)投資有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 佳寧娜(深圳)投資有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is subject to a mortgage in favour of Standard Chartered Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
34. 5 residential units in Li Xiang 0769 Jia Yuan, Wanjiang District, Dongguan City, Guangdong Province, the PRC	<p>The property comprises 5 residential units in 4 buildings completed in 2001.</p> <p>The total gross floor area of the property is approximately 501.47q.m.</p> <p>The land use rights of the property were granted for a term expired on 18th December 2073 for residential uses.</p>	The property is occupied by the Group for residential uses	<p>RMB14,130,000</p> <p>(equivalent to approximately HK\$16,922,000)</p>

Notes:

1. According to 5 Real Estate Ownership Certificates (Document Nos.: Yue (2018) Dongguan City Real Estate Ownership Nos. 0282851, 0281242, 0325863, 0326035 and 0281019), the land use rights of the property were granted for a term expired on 18th December 2073 for residential uses and the property of total gross floor area of approximately 501.47 sq.m. was vested in 佳寧娜(深圳)投資有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 佳寧娜(深圳)投資有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
35. An industrial complex located at Jinning Industrial Park, Jinning District, Kunming City, Yunnan Province, the PRC	<p>The property comprises a parcel of land together with three buildings completed in about 2014 erected thereon.</p> <p>The site area and total gross floor area of the property are approximately 7,999.48 sq.m. and 14,270.45 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term expiring on 6th December 2063 for industrial uses.</p>	<p>The property is occupied by the Group for factory, quarters and ancillary uses as at the valuation date.</p>	<p>RMB32,780,000</p> <p>(equivalent to approximately HK\$39,257,000)</p> <p>60% attributable to the Group: RMB19,668,000</p> <p>(equivalent to approximately HK\$23,554,200)</p>

Notes:

1. According to a Real Estate Ownership Certificate (Document No.: Yun (2017) Jinning District City Real Estate Ownership No. 0007943), the land use rights of the property were granted for a term expiring on 6th December 2063 for industrial uses and the property of total gross floor area of approximately 14,270.45 sq.m. was vested in 昆明佳寧娜食品有限公司, a 60%-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 昆明佳寧娜食品有限公司 has legally owned the property.
 - (ii) 昆明佳寧娜食品有限公司 is entitled to occupy, use and transfer the property.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
36. An industrial complex located at No. 18 Xingye Road, Xiuying District, Haikou City, Hainan Province, the PRC	<p>The property comprises a parcel of land together with three buildings completed in about 2007 erected thereon.</p> <p>The site area and total gross floor area of the property are approximately 8,110.95 sq.m. and 15,907.49 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term expiring on 4th June 2056 for industrial uses.</p>	<p>The property is subject to a tenancy for a term from 1st August 2020 to 1st August 2030 at a monthly rent of RMB237,041 at the valuation date.</p>	<p>RMB36,540,000</p> <p>(equivalent to approximately HK\$43,760,000)</p> <p>65% attributable to the Group: RMB23,751,000</p> <p>(equivalent to approximately HK\$28,444,000)</p>

Notes:

- According to a State-owned Land Use Rights Certificate (Document No.: Haikou City Guo Yong (2006) No. 002346), the land use rights of the property having a site area of approximately 8,110.95 sq.m. were granted to 海南佳寧娜食品有限公司 for a term expiring on 4th June 2056 for industrial uses.
- According to 3 Building Ownership Rights Certificates (Document Nos.: Haikou City Fang Quan Zheng Hai Fang Zi Nos. HK244207, HK244208 and HK424227), the buildings of the property having a total gross floor area of approximately 15,907.49 sq.m. were owned by 海南佳寧娜食品有限公司, a 65%-owned subsidiary of the Company.
- The PRC legal opinion states, *inter alia*, the following:
 - 海南佳寧娜食品有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - The property is subject to a mortgage in favour of Standard Chartered Bank Limited.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
37. An industrial complex located at No. 168 Haiyu North Road, Yunlong County, Qiongsan District, Haikou City, Hainan Province, the PRC	<p>The property comprises a parcel of land together with seven buildings completed in 2019 erected thereon.</p> <p>The site area and total gross floor area of the property are approximately 29,967.83 sq.m. and 42,687.47 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term expiring on 30th January 2069 for industrial uses.</p>	The property is occupied by the Group for factory, quarters and ancillary uses as at the valuation date.	<p>RMB118,520,000</p> <p>(equivalent to approximately HK\$141,940,000)</p> <p>65% attributable to the Group: RMB77,038,000</p> <p>(equivalent to approximately HK\$92,261,000)</p>

Notes:

- According to 3 Real Estate Ownership Certificates (Document Nos.: Qiong (2019) Haikou City Real Estate Ownership Nos. 0019304, 0081543 and 0080846), the land use rights of the property were granted for a term expiring on 30th January 2069 for industrial uses and the property of total gross floor area of approximately 42,687.47 sq.m. was vested in 海南佳寧娜食品有限公司, a 65%-owned subsidiary of the Company.
- The PRC legal opinion states, *inter alia*, the following:
 - 海南佳寧娜食品有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
38. A commercial building in Guorui Garden, No. 5 Haidian Liu East Road, Meilan District, Haikou City, Hainan Province, the PRC	<p>The property comprises a 2-storey commercial building completed in about 2012.</p> <p>The gross floor area of the property is approximately 2,152.37 sq.m.</p> <p>The land use rights of the property were granted for a term expiring on 27th December 2069 for residential and commercial uses.</p>	The property is occupied by the Group as restaurant.	<p>RMB41,420,000</p> <p>(equivalent to approximately HK\$49,605,000)</p> <p>65% attributable to the Group: RMB26,923,000</p> <p>(equivalent to approximately HK\$32,243,250)</p>

Notes:

1. According to a Real Estate Ownership Certificate (Document No.: Qiong (2018) Haikou City Real Estate Ownership No. 0100311), the land use rights of the property were granted for a term expiring on 27th December 2069 for residential and commercial uses and the property of gross floor area of approximately 2,152.37 sq.m. was vested in 海南佳寧娜餐飲服務有限公司, a 65%-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 海南佳寧娜餐飲服務有限公司 has legally owned the property.
 - (ii) 海南佳寧娜餐飲服務有限公司 is entitled to occupy, use and transfer the property.
 - (iii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
39. Block Nos. 1 and 2, Carrianna Apartment, No. 13 Meilin Road, Xiuying District, Haikou City, Hainan Province, the PRC	<p>The property comprises two villas completed in about 2005.</p> <p>The total gross floor area of the property is approximately 2,012.04 sq.m.</p> <p>The land use rights of the property were granted for a term expiring on 12th November 2063 for residential uses.</p>	The property is occupied by the Group for residential uses.	<p>RMB47,240,000</p> <p>(equivalent to approximately HK\$56,575,000)</p>

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Haikou City Guo Yong (Ji) Zi No. S0179), the land use rights of the property having a site area of approximately 3,903.56 sq.m. were granted to 海南佳寧娜房地產開發有限公司 for a term expiring on 12th November 2063 for residential uses.
2. According to 2 Building Ownership Rights Certificates (Document Nos.: Haikou City Fang Quan Zheng Hai Fang Zi Nos. HK396544 and HK396545), the buildings of the property having a total gross floor area of approximately 2,012.04 sq.m. were owned by 海南佳寧娜房地產開發有限公司, a wholly-owned subsidiary of the Company.
3. The PRC legal opinion states, *inter alia*, the following:
 - (i) 海南佳寧娜房地產開發有限公司 has legally owned the property.
 - (ii) 海南佳寧娜房地產開發有限公司 is entitled to occupy, use and transfer the property.
 - (iii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
40. Units 103, 203 and 303, Block No. 10, Guorui Garden, No. 5 Haidian Liu East Road, Meilan District, Haikou City, Hainan Province, the PRC	The property comprises three residential units in an 18-storey residential building completed in about 2012.	The property is occupied by the Group for staff quarters uses.	RMB10,230,000 (equivalent to approximately HK\$12,251,000)
	The total gross floor area of the property is approximately 428.13 sq.m.		65% attributable to the Group: RMB6,649,500
	The land use rights of the property were granted for a term expiring on 27th December 2069 for residential uses.		(equivalent to approximately HK\$7,963,150)

Notes:

1. According to 3 Real Estate Ownership Certificates (Document Nos.: Qiong (2018) Haikou City Real Estate Ownership Nos. 0100326, 0100327 and 0100329), the land use rights of the property were granted for a term expiring on 27th December 2069 for residential uses and the property of total gross floor area of approximately 428.13 sq.m. was vested in 海南佳寧娜餐飲服務有限公司, a 65%-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 海南佳寧娜餐飲服務有限公司 has legally owned the property.
 - (ii) 海南佳寧娜餐飲服務有限公司 is entitled to occupy, use and transfer the property.
 - (iii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
41. Car Parking Space Nos. 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 361, 362 and 363, Basement 1, Guorui Garden, No. 5 Haidian Liu East Road, Meilan District, Haikou City, Hainan Province, the PRC	The property comprises 13 car parking spaces at the Basement 1 of a residential development completed in about 2012. The land use rights of the property were granted for a term expiring on 27th December 2069 for car parking uses.	The property is occupied by the Group for car parking uses.	RMB2,210,000 (equivalent to approximately HK\$2,647,000) 65% attributable to the Group: RMB1,436,500 (equivalent to approximately HK\$1,720,550)

Notes:

1. According to 13 Real Estate Ownership Certificates (Document No.: Qiong (2018) Haikou City Real Estate Ownership Nos. 0102844, 0102818, 0102821, 0102829, 0102846, 0102819, 0102828, 0102826, 0102822, 0102827, 0102831, 0102823 and 0102824), the land use rights of the property were granted for a term expiring on 27th December 2069 for car parking uses and the property was vested in 海南佳寧娜餐飲服務有限公司, a 65%-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 海南佳寧娜餐飲服務有限公司 has legally owned the property.
 - (ii) 海南佳寧娜餐飲服務有限公司 is entitled to occupy, use and transfer the property.
 - (iii) The property is free from any mortgages.

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 28th February 2021
42. Unit 804, Block 3, Shijianxing Dormitory, Boya Road, Hekou Village, Fucheng Cheng East, Qiongsan District, Haikou City, Hainan Province, the PRC	The property comprises a residential unit in an 8-storey residential building completed in about 1999. The gross floor area of the property is approximately 90.57 sq.m. The land use rights of the property were granted for residential uses.	The property is occupied by the Group for staff quarters uses.	RMB950,000 (equivalent to approximately HK\$1,138,000)

Notes:

1. According to a Building Ownership Rights Certificate (Document No.: Haikou City Fang Quan Zheng Hai Fang Zi No. HK343798), the property having a gross floor area of approximately 90.57 sq.m. is vested in 海南佳寧娜房地產開發有限公司, a wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, *inter alia*, the following:
 - (i) 海南佳寧娜房地產開發有限公司 has legally owned the property and is entitled to occupy, use and transfer the property.
 - (ii) The property is free from any mortgages.

The following are particulars of the Director proposed to be re-elected at the SGM.

Mr. Liang Rui, aged 45, is a representative of Shenzhen Municipal People's Congress. He holds a doctoral degree in technical economics and management from the School of Economics and Business Administration of Chongqing University and a postdoctoral degree in applied economics from the School of Economics and Finance of Xi'an Jiaotong University. Since 2000, Mr. Liang has worked for the Shenzhen Luohu District People's Government for nearly 17 years, serving various senior posts including deputy director of the Letters and Calls Bureau, director of the District Committee (Government) Office, director of the District Civil Affairs Bureau, and secretary and director of the Party's Working Committee of Nanhu Street Office. He has served as the chief executive officer of Shuibei Jewelry Group since October 2017. Mr. Liang is currently a non-executive director of Coolpad Group Limited, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 2369). He has served as the chief executive officer of Coolpad Group Limited from September 2019 to December 2020.

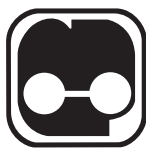
Saved as disclosed above, Mr. Liang did not hold any other directorships in other listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Liang has entered into a letter of employment with the Company and is entitled to an annual salary of RMB3,000,000 and a management bonus to be determined by the Board at its sole discretion in his capacity as executive director and Chief Executive Officer of the Company. After completion of the first six-month period (which may be extended by the Board), he is eligible to be granted a maximum of 10,000,000 share options in the Company in accordance with the terms and conditions of the Company's share option scheme adopted on 24 August 2015. The actual number of share options to be granted will be determined by the Board at its sole discretion after reviewing Mr. Liang's performance. The remuneration of Mr. Liang was determined with reference to his duties and responsibilities with the Group and the market rates. The appointment of Mr. Liang may be terminated by either party thereto giving to the other party a prior notice in writing of not less than one month during the first six-month period (which may be extended by the Board) and not less than three months after such period.

At at the Latest Practicable Date, Mr. Liang does not have any relationships with any directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules), nor does he hold any other positions in the Company or any of its subsidiaries. Mr. Liang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Liang to be disclosed pursuant to any of the requirements of Rule 13.51 (2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the shareholders of the Company.

NOTICE OF SGM



佳寧娜集團控股有限公司 CARRIANNA GROUP HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00126)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Carrianna Group Holdings Company Limited (the “Company”) will be held at 26/F., Wyler Centre, Phase II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Tuesday, 1 June 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions and special resolution of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the shares subscription agreement (the “**Shares Subscription Agreement**”) entered into between the Company and Mr. Ma Kai Cheung and Mr. Ma Kai Yum (the “**Subscribers**”) dated 8 March 2021 and in relation to the subscription of 188,563,130 new shares (the “**Subscription Share(s)**”) of the Company of HK\$0.10 each at the subscription price of HK\$0.45 per Subscription Share, a copy of the Shares Subscription Agreement having been produced to the SGM and marked “A” and initialed by the chairman of the SGM for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) all the transactions contemplated under the Shares Subscription Agreement, including but not limited to the specific mandate to allot and issue the Subscription Shares by the Company to the Subscribers pursuant to the Shares Subscription Agreement (the “**Specific Mandate**”), be and are hereby approved and the Board be and is hereby authorised to allot and issue the Subscription Shares to the Subscribers pursuant to the Shares Subscription Agreement; and
- (c) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Shares Subscription Agreement and the transactions contemplated thereunder, including to the Specific Mandate, and the allotment and issue of the Subscription Shares and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company.”

NOTICE OF SGM

2. “**THAT** Mr. Liang Rui be re-elected as an executive director of the Company and the board of directors of the Company be authorised to fix his remuneration.”

SPECIAL RESOLUTION

3. “**THAT**, subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) and any conditions that may be imposed thereon, the waiver (the “**Whitewash Waiver**”) of the obligation on the part of the Subscribers to make a mandatory general offer to the shareholders of the Company for all the issued shares of the Company (other than those already owned or agreed to be acquired by Subscribers and parties acting in concert with them) which might otherwise arise as a result of the Subscribers subscribing for the Subscription Shares under the Shares Subscription Agreement pursuant to Note 1 on Dispensations from Rule 26 of The Hong Kong Code on Takeovers and Mergers be and is hereby approved, and that any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents under seal where applicable as he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”

Yours faithfully

For and on behalf of the Board

Carrianna Group Holdings Company Limited

Chan Francis Ping Kuen

Company Secretary

Hong Kong, 10 May 2021

Notes:

1. For the purpose of ascertaining shareholders’ right to attend and vote at the SGM of the Company to be held on Tuesday, 1 June 2021, the Register of Members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order for a shareholder to be eligible to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch shares registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 26 May 2021.
2. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM.

NOTICE OF SGM

4. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding of such share.
5. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the SGM.
6. Due to the constantly evolving COVID-19 situation in Hong Kong, the Company may be required to change the SGM arrangements with short notice. Shareholders should check the website of the Company (<https://www.carrianna.com>) for future announcements and updates on the SGM arrangements.
7. If typhoon signal no. 8 or above, or a “black” rainstorm warning is in effect at any time after 9:30 a.m. and before the meeting time, the SGM will be postponed. The Company will post an announcement on the website of the Company (<https://www.carrianna.com>) to notify shareholders of the date, time and place of the rescheduled SGM.

PRECAUTIONARY MEASURES FOR THE SGM

In view of an ongoing pandemic of coronavirus disease 2019 (COVID-19) and recent requirements for prevention and control of its spread by the HKSAR Government, the Company will implement the following prevention and control measures at the SGM against the COVID-19 pandemic to protect the Shareholders from the risk of infection:

- (i) every participant (including Shareholders or their proxies) in the SGM shall be subject to compulsory body temperature check at the entrance of the meeting venue and anyone with a body temperature higher than normal will not be given access to the meeting venue and will be required to stay in an isolated place for completing the voting procedures;
- (ii) all participants (including Shareholders or their proxies) in the SGM are required to wear surgical face masks at all time during their attendance of the SGM; and
- (iii) no refreshment will be served, and there will be no corporate gifts.

Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the SGM venue. Furthermore, the Company wishes to advise the Shareholders that they may appoint any person or the chairman of the SGM as a proxy to vote on the relevant resolutions, instead of attending the SGM in person.

In the interest of all stakeholders' health and safety and consistent with recent guidelines for prevention and control of the COVID-19 pandemic, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

As at the date of this notice, the Board comprises Mr. Ma Kai Cheung (Honorary Chairman), Mr. Ma Kai Yum (Chairman), Mr. Ma Hung Ming, John (Vice-chairman), Mr. Liang Rui and Mr. Chan Francis Ping Kuen as executive Directors of the Company; and Mr. Lo Ming Chi, Charles, Mr. Lo Man Kit, Sam and Mr. Wong See King as independent non-executive Directors of the Company.