THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

建業實業有限公司

Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN G9 ASIA IV PTE. LTD.

The Acquisition Agreement and the transactions contemplated thereunder have been approved by way of written Shareholder's approval pursuant to Rule 14.44(2) of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only and no Shareholders' meeting will be held.

25 April 2022

CONTENTS

Unless the context otherwise requires, capitalised terms used in this circular shall have the following meanings:

"Acquisition"	the acquisition of the Target Equity by the Purchaser from the Vendors pursuant to the terms and conditions of the Acquisition Agreement
"Acquisition Agreement"	the acquisition agreement dated 7 January 2022 entered into between the Purchaser, the Vendors and the Company in respect of the Acquisition
"Agreed Net Asset/Liability Value"	the adjusted net current asset/liability value of the Target Group (excluding the value of the Property, fixed assets and deferred tax assets) minus all liabilities of the Target Group (including the Sale Loans but excluding deferred tax liabilities) on Completion, as determined based on the Audited Completion Accounts and agreed to by the Vendors and the Purchaser
"associate(s)"	has the same meaning ascribed thereto under the Listing Rules
"Audited Completion Accounts"	the consolidated audited accounts of the Target Group for the period up to the Completion Date (and up to Completion)
"Bank"	Industrial and Commercial Bank of China Limited, Shanghai Hongkou branch
"Bank Facility"	the banking facility in the principal sum of RMB180 million granted by the Bank to the PRC Company in October 2020 with maturity date in November 2035, the outstanding principal amount of which as at the date of the Acquisition Agreement and the Completion Date was RMB178 million
"Board"	the board of Directors
"Bulletin 7"	Bulletin [2015] No. 7 issued by the PRC State Administration of Taxation, including any law, rule, regulation, circular and bulletin officially promulgated or issued in replacement thereof (including the Bulletin [2017] No. 37 issued by the PRC State Administration of Taxation)

"Bulletin 7 Tax"	the amount of PRC tax payable by the Vendors pursuant to the requirements of Bulletin 7 arising out of the disposal of the Target Equity to the Purchaser
"Business Day(s)"	a day on which commercial banks in Hong Kong, the PRC, the United States of America and Singapore are all generally open for business (excluding Saturday, Sunday, national holidays in the PRC, public holidays in Hong Kong and days where a tropical cyclone warning signal number 8 or above is hoisted, or a "black" rainstorm warning is issued, in Hong Kong)
"BVI"	the British Virgin Islands
"Chinney Holdings"	Chinney Holdings Limited, which as at the Latest Practicable Date held 341,439,324 Shares representing approximately 61.93% of the existing issued share capital of the Company
"Company"	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 216)
"Completion"	completion of the sale and purchase of the Target Equity under the Acquisition Agreement
"Completion Date"	the date on which Completion takes place
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Consideration"	the aggregate consideration payable by the Purchaser to the Vendors for the Target Equity under the Acquisition Agreement
"Director(s)"	the director(s) of the Company
"Dr. Wong"	Dr. James Sai-Wing Wong, executive Director and Chairman of the Company
"Enlarged Group"	the Group as enlarged by the acquisition of the Target Group upon Completion

"Group"	the Company and its subsidiaries, excluding, for the purpose of this circular, the Target Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Initial Consideration"	RMB192 million, being the agreed value of the Property of RMB370 million less the outstanding principal amount of the Bank Facility of RMB178 million
"Latest Practicable Date"	20 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers) to the Listing Rules
"PRC"	the People's Republic of China, for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Company"	Shanghai Yinbai Property Co. Limited* (上海飲百置業有限公司), a company established in the PRC with limited liability and the wholly-owned subsidiary of the Target Company
"Property"	the 4-storey building situated at No. 608 Xikang Road, Shanghai, the PRC (中國上海西康路608號) currently known as "前社NEXXUS•靜安 (Nexxus Jing'an*)"
"Purchaser"	Honour Elite Holdings Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Loans"	collectively Sale Loan A and Sale Loan B

"Sale Loan A"	the aggregate sum of USD955,211.05 owing by the Target Company to Vendor A to be assigned to Purchaser on Completion
"Sale Loan B"	the aggregate sum of USD181,944.96 owing by the Target Company to Vendor B to be assigned to Purchaser on Completion
"Sale Shares"	collectively Sale Shares A and Sale Shares B, together representing the entire issued share capital of the Target Company
"Sale Shares A"	comprises 2,184 Target Company Ordinary Shares and 8,064 Target Company A Shares held by Vendor A, representing 84% of all the issued shares of all classes of the Target Company
"Sale Shares B"	comprises 416 Target Company Ordinary Shares and 1,536 Target Company B Shares held by Vendor B, representing 16% of all the issued shares of all classes of the Target Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Singapore"	the Republic of Singapore
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	G9 Asia IV Pte. Ltd., a company incorporated in Singapore with limited liability
"Target Company A Shares"	Class A redeemable preference shares of the Target Company
"Target Company B Shares"	Class B redeemable preference shares of the Target Company

"Target Company Ordinary Shares"	ordinary shares of the Target Company
"Target Equity"	collectively the Target Equity A and Target Equity B
"Target Equity A"	collectively Sale Shares A and Sale Loan A
"Target Equity B"	collectively Sale Shares B and Sale Loan B
"Target Group"	collectively, the Target Company and the PRC Company
"Trademark"	the mark "前社" registered under class 36 in the China National Intellectual Property Administration of the PRC
"USD" or "US$"	US Dollar, the lawful currency of the United States of America
"Vendors"	collectively Vendor A and Vendor B, each of whom, a "Vendor"
"Vendor A"	G9 Asia VIII Pte. Ltd., a company incorporated in Singapore with limited liability
"Vendor B"	Sandhill Neon Holdings Limited, a company incorporated in BVI with limited liability
"%"	per cent.

The English names of the PRC entities marked with "" are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese names of the PRC entities prevail.*

For the purpose of this circular, amounts denominated in RMB have been translated into HK$ at an exchange rate of RMB1.00 = HK$1.2231 and amounts denominated in USD have been translated into HK$ at an exchange rate of USD1 = HK$7.7981. No representation is made that any amounts in RMB, USD and HK$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

建業實業有限公司
Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 216)

Executive Directors:
Dr. James Sai-Wing Wong *(Chairman)*
Mr. Yuen-Keung Chan *(Vice Chairman and Managing Director)*
Mr. James Sing-Wai Wong

Non-Executive Directors:
Mr. Paul Hon-To Tong
Dr. Emily Yen Wong

Independent Non-Executive Directors:
Mr. Richard Chi-Ho Lo
Mr. Winfred Wai-Lap Fan
Mr. Randall Todd Turney

Registered Office:
23rd Floor
Wing On Centre
111 Connaught Road
Central Hong Kong

25 April 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE EQUITY INTEREST IN G9 ASIA IV PTE. LTD.**

INTRODUCTION

Reference is made to (i) the Company's announcement dated 7 January 2022 in relation to, inter alia, the entering into of the Acquisition Agreement by the Purchaser (an indirect wholly-owned subsidiary of the Company) (as purchaser) and the Company (as guarantor for the Purchaser) with the Vendors (as vendors) pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Target Equity (being the Sale Shares and the Sale Loans) at the aggregate consideration of approximately RMB192 million (equivalent to approximately HK$234.8 million) (subject to adjustment); (ii) the Company's announcement dated 21 January 2022 in relation to the Completion of the Acquisition; and (iii) the Company's announcement dated 3 March 2022 in relation to the supplemental information on the background of the Vendors.

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Acquisition Agreement, (ii) the financial and other information of the Group and the Target Group, (iii) the unaudited pro forma financial information of the Group assuming Completion takes place, (iv) the valuation report on the Property and (v) other information as required under the Listing Rules.

THE ACQUISITION AGREEMENT

(1) Date

7 January 2022 (after trading hours of the Stock Exchange)

(2) Parties

(i) the Purchaser, an indirect wholly-owned subsidiary of the Company;

(ii) Vendor A;

(iii) Vendor B; and

(iv) the Company, as guarantor for the Purchaser.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries:

(i) Vendor A is an investment holding company incorporated in Singapore and 100% directly held by G9 Asia Holding Pte. Ltd., which is in turn wholly owned by North Haven Real Estate Fund IX. The general partner of North Haven Real Estate Fund IX is MSREI IX Global-GP, L.P., a limited partnership established in Alberta, Canada and a wholly-owned indirect subsidiary of Morgan Stanley. MSREF Real Estate Advisor, Inc., which is indirectly wholly owned by Morgan Stanley, is the investment advisor of North Haven Real Estate Fund IX, and a part of the global private real estate investment management business of Morgan Stanley and managed around US$47 billion of gross real estate assets worldwide as of 30 June 2021;

(ii) Vendor B is an investment holding company incorporated in BVI and directly owned by Sandhill Carbon L.P., a limited partnership established in BVI with Sandhill Equity Limited, a company incorporated in BVI and wholly-owned by Mr. Liu Lei (劉雷), as its general partner. Sandhill Carbon L.P. was established to invest in real estate projects, as well as early stage ventures in the integrated circuit industry and power industry. The only limited partner of Sandhill Carbon L.P. which has invested in the Target Company is Liu and Family Trust, a discretionary family trust, of which Osiris International Trustees Limited is the trustee and Mr. Liu Jinjun (劉進軍) is the settlor and the beneficiaries are family members of Mr. Liu Jinjun. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, the beneficiaries of the said family trust are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Sandhill Carbon L.P. has not appointed any investment manager; and

(iii) each of the Vendors and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

(3) Assets to be acquired

(i) Vendor A has agreed to sell and the Purchaser has agreed to purchase Sale Shares A and Sale Loan A. Sale Shares A, being 2,184 Target Company Ordinary Shares and 8,064 Target Company A Shares, represent 84% of the total issued shares of all classes of the Target Company as at the date of the Acquisition Agreement and on Completion; and

(ii) Vendor B has agreed to sell and the Purchaser has agreed to purchase Sale Shares B and Sale Loan B. Sale Shares B, being 416 Target Company Ordinary Shares and 1,536 Target Company B Shares, represent 16% of the total issued shares of all classes of the Target Company as at the date of the Acquisition Agreement and on Completion.

Sale Shares A and Sale Shares B in aggregate comprise all the issued shares of and in the Target Company. The principal amounts of Sale Loan A and Sale Loan B amounted to approximately US$955,211 and US$181,945 respectively.

The Sale Shares and the Sale Loans are sold and purchased free from all encumbrances and together with all rights and benefits accruing thereto including the right to dividends or distributions made or declared on or after Completion.

The sale and purchase of Target Equity A and Target Equity B are inter-conditional with each other.

(4) Consideration

The aggregate Consideration for the Target Equity payable by the Purchaser to the Vendors is approximately RMB192 million (equivalent to approximately HK$234.8 million), to be adjusted by adding the Agreed Net Asset Value, or minus, as the case may be, the Agreed Net Liability Value (for avoidance of doubt, excluding the value of the Property and the outstanding principal amount of the Bank Facility in the sum of RMB178 million), with the consideration attributable to the Sale Loans being the face value thereof and the balance being the consideration for the Sale Shares. The Consideration shall be settled in USD adopting the prevailing exchange rates five (5) Business Days prior to the respective payment due dates.

The Consideration was determined after arm's length negotiations between the Group and the Vendors based on (i) the agreed value of the Property of RMB370 million (equivalent to approximately HK$452.5 million) less the outstanding principal amount of the Bank Facility of RMB178 million (equivalent to approximately HK$217.7 million) and (ii) the unaudited financial information of the Target Group as at 30 September 2021. As at the date of the Acquisition Agreement, the principal amount outstanding under the Bank Facility amounted to RMB178 million (equivalent to approximately HK$217.7 million) and was expected to remain unchanged upon Completion. The agreed value of the Property aforesaid was arrived at with reference to a preliminary valuation of the Property of RMB380 million (equivalent to approximately HK$464.8 million) as at 30 November 2021 provided by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer. Please refer to the valuation report of the Property with valuation date updated to 31 March 2022 set out in Appendix IV to this circular.

Based on the unaudited management accounts of the Target Company and the PRC Company as at 30 September 2021, the Agreed Net Liability Value (excluding the value of the Property and the outstanding principal amount of the Bank Facility) is approximately RMB2.1 million (equivalent to approximately HK$2.6 million) and it was not expected that the Agreed Net Asset/Liability Value on Completion will deviate materially from this amount.

The Vendors shall be solely responsible for the payment of the Bulletin 7 Tax payable by the Vendors arising from the sale of the Target Equity to the Purchaser. The stamp duty payable in respect of the transfer of the Sale Shares payable to the Inland Revenue Authority of Singapore shall be borne by the Purchaser.

(5) Payment of Consideration

The Consideration has been or, as the case may be, shall be paid in the following manner:

(i) a deposit of RMB38.4 million (equivalent to approximately HK$47.0 million) (the "**Deposit**"), being 20% of the Initial Consideration, has been paid upon the signing of the Acquisition Agreement. The equivalent amount in USD of approximately USD6.0 million has been remitted as to approximately USD5.1 million to Vendor A and USD0.9 million to Vendor B;

(ii) an USD equivalent sum of RMB134.4 million (equivalent to approximately HK$164.4 million), being 70% of the Initial Consideration, has been paid upon Completion (as to 84% thereof to Vendor A and 16% thereof to Vendor B);

(iii) the remaining balance of the Consideration shall be paid (as to 84% thereof to Vendor A and 16% thereof to Vendor B) within seven (7) Business Days from the fulfillment of all the following conditions:

(a) the Vendors having paid the Bulletin 7 Tax and producing documentary evidence of the same to the Purchaser;

(b) change in legal representative, directors and senior management and bank signatories of the PRC Company to such persons as nominated by the Purchaser on Completion having been completed; and

(c) the Agreed Net Asset/Liability Value having been determined based on the Audited Completion Accounts.

If it shall be ascertained upon the Agreed Net Asset/Liability Value having been determined as aforesaid that the total amount paid by the Purchaser to the Vendors under items (i) and (ii) exceeded the Consideration payable by the Purchaser, the Vendors shall refund the overpayment to the Purchaser.

The Vendors shall deliver the Audited Completion Accounts to the Purchaser within sixty (60) Business Days of the Completion Date. Subject to the Purchaser's confirmation within ten (10) Business Days after the delivery by the Vendors of the Audited Completion Accounts, the Agreed Net Asset/Liability Value as shown in the Audited Completion Accounts would be considered as final and applied to the determination of the final amount of the Consideration. The relevant fees in the preparation of the Audited Completion Accounts would be borne by the Vendors.

The payment of the Initial Consideration has been, and the payment of the balance of the Consideration is expected to be, financed by the internal resources of the Group.

As at the Latest Practicable Date, the Audited Completion Accounts were delivered by the Vendors and also confirmed by the Purchaser. Based on the Audited Completion Accounts, the Agreed Net Liability has been determined at approximately RMB3.8 million (equivalent to approximately HK$4.6 million). Accordingly, the final Consideration has been adjusted downward and agreed to be RMB188.2 million (equivalent to approximately HK$230.2 million). The remaining balance of the Consideration to be payable by the Purchaser to the Vendors will be an USD equivalent sum of RMB15.4 million (equivalent to approximately HK$18.8 million).

As at the Latest Practicable Date, change in bank signatories of the PRC Company to such persons as nominated by the Purchaser has been completed. However, change in legal representatives, directors and senior management and the payment of the Bulletin 7 Tax is still under process. Hence the remaining balance of the Consideration is not yet payable.

(6) Guarantee

The Company guaranteed the due and punctual performance by the Purchaser of its obligations under the Acquisition Agreement, provided that the liability of the Company shall not exceed the amount originally payable by the Purchaser.

(7) Conditions Precedent and Completion

Completion was conditional upon the following conditions having been fulfilled or, as the case may be, waived by the Purchaser:

(i) the Vendors having obtained the consent of the Bank to the transactions contemplated under the Acquisition Agreement;

(ii) there being no legal proceedings, investigation or penalty (whether actual or potential) which will prohibit the transactions contemplated under the Acquisition Agreement or may result in such transactions becoming illegal or unable to be implemented or cause material adverse effect on such transactions; and

(iii) no material adverse change having occurred to the business, assets, rights, financial or other conditions of the PRC Company, and there being no event or circumstances which may give rise to any such material adverse change.

If condition (i) was not fulfilled or waived by the Purchaser on or before 28 February 2022 (or such other date as the parties to the Acquisition Agreement may in writing agree), or the other conditions did not remain fulfilled as at the Completion Date, the Acquisition Agreement shall be terminated whereupon the Vendors shall refund to the Purchaser the Deposit within five (5) Business Days of the termination and, save for any antecedent breach, neither the Vendors nor the Purchaser shall have any further claims against the other under the Acquisition Agreement or arising from its termination as aforesaid. The Purchaser may at any time waive any of the above conditions without prejudice to any of its rights and remedies under the Acquisition Agreement.

(8) Default

If Completion does not take place due to the default of either the Vendors or the Purchaser, the Purchaser (if the defaulting party is either of the Vendors) or the Vendors (if the defaulting party is the Purchaser) shall be entitled to terminate the Acquisition Agreement and to claim damages against the defaulting party provided that the maximum amount of such damages shall not exceed 30% of the Consideration attributable to the Sale Shares.

(9) Other terms

The Vendors shall procure the owner of the Trademark to enter into a licence agreement with the PRC Company on Completion to grant the right to the PRC Company to continue using the Trademark for naming of the Property for one year after Completion at no charge.

COMPLETION OF THE ACQUISITION

As disclosed in the announcement of the Company dated 21 January 2022, the Company has obtained written shareholder's approval from Chinney Holdings in respect of the Acquisition Agreement and the transactions contemplated thereunder, and that the conditions precedent as stipulated in the Acquisition Agreement have been fulfilled. As such, Completion has taken place on 21 January 2022. Accordingly, as from 21 January 2022, the Target Company has become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Enlarged Group.

INFORMATION OF THE TARGET GROUP

Group structure

The Target Company is a company incorporated in Singapore with limited liability on 11 October 2017. It is an investment holding company with its principal asset being the entire equity interest in the PRC Company, which is pledged to the Bank as security for the Bank Facility. The PRC Company is a company established in the PRC with limited liability on 13 September 2007 and converted to a wholly foreign owned enterprise in October 2018. The principal asset of the PRC Company is the Property and the principal business of the PRC Company is the holding and leasing of the Property.

The Property

The Property is located at No. 608, Xikang Road, Shanghai, the PRC and currently known as "前社NEXXUS•靜安 (Nexxus Jing'an*)". It is a 4-storey commercial premises with a total gross floor area of approximately 6,660 sq.m.. The land use rights of the Property are currently covered by four Real Estate Ownership Certificates issued by the relevant PRC government authority to the PRC Company in June 2018. As at the Completion Date the Property was fully let to various tenants, all of whom are independent third parties, with gross monthly rental of approximately RMB1.3 million and a weighted average lease expiry period of about 56 months. Subsequent to Completion, a tenancy agreement in respect of gross floor area of approximately 2,654 sq.m. was expired on 31 January 2022. Nevertheless, a potential tenant has been identified prior to Completion and as at the Latest Practicable Date a letter of intent has been signed with this tenant for approximately 70% of such gross floor area on rental being approximately 109% higher than that under the expired lease. The remaining gross floor area pending for leasing is approximately 780 sq.m. and is located at ground floor. Invitation for leasing will be commenced after the reinstatement works are completed.

The market value of the Property as at 31 March 2022 was RMB380 million (equivalent to approximately HK$464.8 million) based on the valuation report by an independent property valuer as set out in Appendix IV to this circular. The Property was, as at the date of the Acquisition Agreement and the Latest Practicable Date, mortgaged to the Bank as security for the Bank Facility.

Financial Information

The audited consolidated financial statements of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards are set out in Appendix IIB to this circular.

Summarized below is the key financial information of the Target Group extracted from Appendix IIB for the financial years ended 31 December 2019, 2020 and 2021:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	4,447	13,696	18,336
(Loss)/Profit before taxation	(40,621)	(15,652)	18,158
(Loss)/Profit after taxation	(37,476)	(13,250)	13,931

	As at 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Total Assets	420,803	441,701	474,008
Total Liabilities	(290,044)	(302,397)	(314,560)
Net Assets	130,759	139,304	159,448

REASONS FOR AND BENEFITS OF THE ACQUISITION AGREEMENT

The Company is an investment holding company and the Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management.

The Group's property business in PRC is currently located in Shenzhen, Guangzhou and Chongqing. It has been the Group's objective to expand its real estate business to other first tier cities in the PRC and the Acquisition is considered to be a suitable opportunity as the Group's first project in Shanghai given its optimal size of floor area and investment amount. The Property is located in Jing'an district which is one of the core central business and commercial areas in Shanghai city. In view of the prime location of the Property and the good public transportation networks in surrounding area, the Board believes that the Acquisition could provide a stable source of additional recurring income and make a positive contribution to the Group in long run. The Board considers the Acquisition to be a valuable investment opportunity which is in line with the business development strategy and planning of the Group.

Since Completion, the Target Company has become an indirect wholly-owned subsidiary of the Company and the results of the Target Group will be consolidated into the Enlarged Group's financial statements.

The Board is of the view that the Acquisition is in the Group's ordinary and usual course of business, and the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% and all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his/her associate(s) has a material interest in the Acquisition Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Acquisition Agreement and the transactions contemplated thereunder.

As at the date of the Acquisition Agreement, Chinney Holdings directly held 341,439,324 Shares representing approximately 61.93% of the existing issued share capital of the Company. As disclosed in the Company's announcement dated 21 January 2022, the Company has obtained the written shareholder's approval from Chinney Holdings in respect of the Acquisition Agreement and the transactions contemplated thereunder. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholder's approval from Chinney Holdings will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no Shareholders' meeting will be held by the Company to approve the Acquisition Agreement and the transactions contemplated thereunder.

GENERAL

Your attention is drawn to the financial information of the Group, financial information of the Target Group, the unaudited pro forma financial information of the Enlarged Group, the valuation report of the Property and general information as set out in the appendices to this circular.

By Order of the Board
James Sai-Wing Wong
Chairman

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinney.com.hk):

- pages 51 to 171 of the annual report of the Company for the year ended 31 March 2019 (https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltn20190724422.pdf)

- pages 51 to 166 of the annual report of the Company for the year ended 31 March 2020 (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0727/2020072700598.pdf)

- pages 51 to 160 of the annual report of the Company for the year ended 31 March 2021 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0726/2021072601106.pdf)

- pages 20 to 42 of the interim report of the Company for the six months ended 30 September 2021 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1222/2021122200863.pdf)

2. INDEBTEDNESS STATEMENT

At the close of business on 28 February 2022, the Enlarged Group had outstanding borrowings of approximately HK$6,893 million comprising:

(a) secured bank loans of approximately HK$4,923 million;

(b) unsecured bank loans of approximately HK$1,885 million;

(c) unsecured other borrowings of approximately HK$43 million; and

(d) leased liabilities of approximately HK$42 million.

All of the above outstanding borrowings of the Enlarged Group are unguaranteed.

The Enlarged Group's secured bank borrowings as at 28 February 2022 were secured by shares in certain subsidiaries, fixed charges on certain properties under development and investment properties, and assignment of rental income from leases of certain properties of the Enlarged Group.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payable in the ordinary course of business, the Enlarged Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar indebtedness, finance leases commitment or liabilities under acceptances of acceptance credits as at the close of business on 28 February 2022.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at the close of business on 28 February 2022.

The Directors are not aware of any material adverse changes in the Enlarged Group's indebtedness position since 28 February 2022.

3. CONTINGENT LIABILITIES

As at 28 February 2022, the Group has given guarantees of HK$30 million to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchaser.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances, upon Completion of the Acquisition Agreement and after taking into account the financial resources available to the Enlarged Group, including internal resources, present available banking facilities, the Enlarged Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

Save as disclosed in the Company's interim report for the six months ended 30 September 2021 published on 22 December 2021, the Directors confirmed that as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 March 2021, being the date to which the latest audited consolidated financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As at 31 March 2021, being the date to which the Group's latest published audited financial statements were made up, the Group has a total shareholders' funds of approximately HK$8,234 million. The gearing ratio of the Group, as measured by the consolidated net borrowings of approximately HK$4,477 million over the total shareholders' fund plus non-controlling interests totalling of approximately HK$12,295 million, was 36% as at 31 March 2021. The Directors expect that the Group will continue to maintain a strong financial position to support the business operations.

The principal activities of the Enlarged Group mainly consist of property development and property investment, mainly through its 68.09% owned subsidiary Hon Kwok Land Investment Company, Limited ("**Hon Kwok**") and its subsidiaries ("**Hon Kwok Group**"). Apart from these, the Company owns 29.1% interests in an associate, Chinney Alliance Group Limited ("**Chinney Alliance**"), which mainly engages in building construction and building related businesses.

Hon Kwok Group has development projects in the Mainland China as well as investment properties both in Hong Kong and the Mainland China. Since the outbreak of COVID-19 pandemic in 2020, international travel was restricted and supply chains disrupted, resulting in the global economic downturn. With the implementation of supportive measures in major countries, we see signs of positive momentum and the global economy are recovering steadily. In 2021, the Central Government in the Mainland China adopted a series of restrictive measures to stabilise housing prices and regulate the real estate lending to the property developers. The property market is experiencing a course of adjustments and restructuring aiming to reinforce risk management and strengthening operational capabilities. In the medium term, we anticipate that the property market will remain favourable with stable and healthy development.

The Enlarged Group, with its operation based mainly in Hong Kong and the Mainland China, will be cautious of any opportunities and threats that may arise, and will stay vigilant for changes in market including the hiking interest rates and borrowing costs to the Enlarged Group and the escalating geopolitical instability.

In view of the above and barring unforeseen circumstances, the Directors remain optimistic on the financial and trading prospects of the Enlarged Group in the current financial year.

This section summarises the business and financial results, the financial position and other financial information of the Target Group for the three financial years ended 31 December 2019, 2020 and 2021.

BUSINESS AND FINANCIAL RESULTS OF THE TARGET GROUP

The Target Company was incorporated in Singapore with limited liability on 11 October 2017. As at the Latest Practicable Date, it had issued 2,600 ordinary shares, 8,064 Class A redeemable preference shares and 1,536 Class B redeemable preference shares for an aggregate share capital of US$18,730,160.73. It is an investment holding company with its principal asset being the entire equity interest in the PRC Company.

The PRC Company is a company established in the PRC with limited liability on 13 September 2007 and converted to a wholly foreign owned enterprise in October 2018. As at the Latest Practicable Date, it had a registered capital of RMB111,000,000, of which RMB108,513,567.28 has been fully paid up. The principal asset of the PRC Company is the Property and the principal business of the PRC Company is the holding and leasing of the Property.

Revenue and loss

Summary of the consolidated financial information of the Target Group for the three years ended 31 December 2019, 2020 and 2021 are as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	4,447	13,696	18,336
Direct cost	(4,190)	(1,576)	(708)
Other income	190	10	12
Administrative expense	(5,771)	(3,906)	(5,225)
Change in fair value of an investment property	(12,581)	(9,610)	16,907
Other operating expenses	(8,215)	(150)	(15)
Finance costs	(14,501)	(14,116)	(11,149)
Profit/(Loss) before taxation	(40,621)	(15,652)	18,158
Profit/(Loss) after taxation	(37,476)	(13,250)	13,931

For the year ended 31 December 2019, the Target Group recorded net loss before and after taxation of approximately HK$40.6 million and HK$37.5 million respectively. The reasons for such losses were mainly due to: (i) reduced revenue arising from renovation as about half of the gross floor area of the Property was vacant during this period; (ii) a compensation of HK$8.4 million (or RMB7.36 million) for early lease termination and uncapitalized renovation cost & management fees of HK$5.1 million (or RMB4.5 million) were incurred; and (iii) there were fair value losses of approximately HK$12.6 million (or RMB11.1 million).

For the year ended 31 December 2020, the Target Group recorded net loss before and after taxation of approximately HK$15.7 million and HK$13.3 million respectively. The reasons for such losses were mainly due to (i) reduced revenue arising from renovation as about half of the gross floor area of the Property was vacant during this period; and (ii) the fair value losses of approximately HK$9.6 million (or RMB8.5 million).

For the year ended 31 December 2021, the Target Group recorded net profit before and after taxation of approximately HK$18.2 million and HK$13.9 million respectively, which were mainly attributable to the fair value gains of approximately HK$16.9 million (or RMB13.7 million).

Financial position and other financial information of the Target Group

	As at 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	408,711	435,335	466,310
Current assets	12,092	6,366	7,698
Total assets	420,803	441,701	474,008
Non-current liabilities	269,437	285,734	297,359
Current liabilities	20,607	16,663	17,201
Total liabilities	290,044	302,397	314,560
Net current liabilities	(8,515)	(10,297)	(9,503)
Total assets less current liabilities	400,196	425,038	456,807
Net asset value	130,759	139,304	159,448

As at 31 December 2019, 2020 and 2021, the Target Group had total assets of approximately HK$420.8 million, HK$441.7 million and HK$474.0 million respectively, which primarily comprised the investment property held by the PRC Company. Current liabilities of the Target Group as at 31 December 2019, 2020 and 2021 amounted to approximately HK$20.6 million, HK$16.7 million and HK$17.2 million respectively, representing mainly trade payables and interest-bearing bank and other borrowings. Non-current liabilities of the Target Group as at 31 December 2019, 2020 and 2021 amounted to approximately HK$269.4 million, HK$285.7 million and HK$297.4 million respectively, which were mainly the bank loans granted under banking facilities secured by mortgages over the investment property held by the PRC Company.

The Target Group generally finances its operations with the rental income from the Property, bank loans and financial support provided by its equity holders.

As at 31 December 2019, 2020 and 2021, the Target Group had bank borrowings of HK$212,528,000, HK$213,777,000 and HK$218,183,000 respectively which were secured by mortgages over the Target Group's investment property. In addition, the Target Group had certain borrowings from related parties which were unsecured, interest-free and repayable on demand. The details of the amounts due to related parties for each of the three years ended 31 December 2019, 2020 and 2021 are set out in Note 22(b) to the financial statements of the Target Group in Appendix IIB to this circular.

Contingent liabilities

As at 31 December 2019, 2020 and 2021, the Target Group did not have any significant contingent liabilities.

Charge on assets

At 31 December 2019, 2020 and 2021, the Target Group's investment property with an aggregate carrying value of HK$408,105,000, HK$434,639,000 and HK$465,781,000 respectively was pledged to a bank in the PRC to secure the banking facilities granted to the PRC Company.

Foreign currencies

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

Employees' remuneration and policy

During the three years ended 31 December 2019, 2020 and 2021, the Target Group had no employees.

Significant investments held

During the three years ended 31 December 2019, 2020 and 2021, except for its interests in the Property, the Target Group did not hold any significant investments.

Material acquisitions and disposals of subsidiaries and associated companies

During the three years ended 31 December 2019, 2020 and 2021, the Target Group did not have any material acquisitions or disposals.

Prospects of the Target Group

The Target Group is principally engaged in real estate investment and real estate lease operation in the PRC. Save for the holding and leasing of the Property, the Target Group has no other plans for material investments or capital assets.

The following is the text of a report on the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of this circular.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永

The Board of Directors
Chinney Investments, Limited

Dear Sirs,

We report on the historical financial information of G9 Asia IV Pte. Ltd. (the "**Target Company**") and its subsidiary (the "**Target Group**") set out on pages IIB-3 to IIB-35, which comprises the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2019, 2020 and 2021 (the "**Relevant Periods**"), the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2019, 2020 and 2021 and a summary of significant accounting policies and other explanatory information (the "**Historical Financial Information**"). The Historical Financial Information set out on pages IIB-3 to IIB-35 forms an integral part of this report, which has been prepared for inclusion in the circular of Chinney Investments, Limited (the "**Company**") dated 25 April 2022 (the "**Circular**") in connection with the acquisition of the 100% equity interest in the Target Company by Honour Elite Holdings Limited, an indirect wholly-owned subsidiary of the Company.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2019, 2020 and 2021 and of the consolidated financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIB-3 have been made.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
25 April 2022

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December** **2019** *HK$'000*	**2020** *HK$'000*	**2021** *HK$'000*
REVENUE	*4*	4,447	13,696	18,336
Direct costs		(4,190)	(1,576)	(708)
Other income	*4*	190	10	12
Administrative expense		(5,771)	(3,906)	(5,225)
Change in fair value of an investment property	*6*	(12,581)	(9,610)	16,907
Other operating expenses		(8,215)	(150)	(15)
Finance costs	*5*	(14,501)	(14,116)	(11,149)
PROFIT/(LOSS) BEFORE TAX	*6*	(40,621)	(15,652)	18,158
Income tax credit/(expense)	*8*	3,145	2,402	(4,227)
PROFIT/(LOSS) FOR THE YEAR		(37,476)	(13,250)	13,931
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		(2,118)	8,261	4,998
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(2,118)**	**8,261**	**4,998**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(39,594)**	**(4,989)**	**18,929**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December		
	Notes	**2019**	**2020**	**2021**
		HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*9*	606	696	529
Investment property	*10*	408,105	434,639	465,781
Total non-current assets		408,711	435,335	466,310
CURRENT ASSETS				
Trade receivables	*12*	9	53	14
Prepayments, deposits and other receivables	*13*	780	2,059	6,211
Bank balances	*14*	11,303	4,254	1,473
Total current assets		12,092	6,366	7,698
CURRENT LIABILITIES				
Trade payables	*15*	6,759	1,072	1,063
Other payables and accruals	*16*	2,117	2,753	3,918
Due to a fellow subsidiary	*22(b)*	463	917	232
Due to a shareholder	*22(b)*	82	163	–
Interest-bearing bank and other borrowings	*17*	11,186	11,758	11,988
Total current liabilities		20,607	16,663	17,201
NET CURRENT LIABILITIES		(8,515)	(10,297)	(9,503)
TOTAL ASSETS LESS CURRENT LIABILITIES		400,196	425,038	456,807
NON-CURRENT LIABILITIES				
Loans from an immediate holding company	*22(b)*	435	6,815	7,451
Loans from a shareholder	*22(b)*	1,681	–	1,419
Interest-bearing bank and other borrowings	*17*	201,342	211,402	214,506
Deferred tax liabilities	*18*	65,979	67,517	73,983
Total non-current liabilities		269,437	285,734	297,359
NET ASSETS		130,759	139,304	159,448
EQUITY				
Share capital	*19*	131,346	144,880	146,095
Reserves	*20*	(587)	(5,576)	13,353
Total equity		130,759	139,304	159,448

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	**Share capital** *HK$'000*	**Exchange reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total equity** *HK$'000*
As at 1 January 2019		81,035	(7,910)	46,917	120,042
Loss and total comprehensive loss for the year		–	(2,118)	(37,476)	(39,594)
Issuance of shares	*19, 21(a)*	50,311	–	–	50,311
As at 31 December 2019 and 1 January 2020		131,346	(10,028)*	9,441*	130,759
Loss and total comprehensive loss for the year		–	8,261	(13,250)	(4,989)
Issuance of shares	*19, 21(a)*	13,534	–	–	13,534
As at 31 December 2020 and 1 January 2021		144,880	(1,767)*	(3,809)*	139,304
Profit and total comprehensive income for the year		–	4,998	13,931	18,929
Issuance of shares	*19, 21(a)*	1,215	–	–	1,215
As at 31 December 2021		146,095	3,231*	10,122*	159,448

* These reserve accounts comprise the negative consolidated reserves of HK$587,000 and HK$5,576,000 as at 31 December 2019 and 2020, respectively, and consolidated reserve of HK$13,353,000 as at 31 December 2021.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2019**	**2020**	**2021**
		HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		(40,621)	(15,652)	18,158
Adjustments for:				
Interest income	*4*	(11)	(10)	(12)
Depreciation	*6*	–	167	186
Finance costs	*5*	14,501	14,116	11,149
Change in fair value of investment property	*6*	12,581	9,610	(16,907)
		(13,550)	8,231	12,574
Decrease/(increase) in trade receivables		(9)	(44)	41
Increase in prepayments, deposits and other receivables		(728)	(1,231)	(4,087)
Increase/(decrease) in trade payables		6,759	(6,106)	(43)
Increase/(decrease) in other payables and accruals		(5,821)	512	1,081
Increase/(decrease) in an amount due to a fellow subsidiary		(238)	454	(685)
Increase/(decrease) in an amount due to a shareholder		(43)	81	(163)
Net cash flows from/(used in) operating activities		(13,630)	1,897	8,718

	Note	Year ended 31 December 2019	2020	2021
		HK$'000	HK$'000	HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		11	10	12
Purchase of items of property, plant and equipment		(606)	(228)	–
Additions to investment property		(15,415)	(10,870)	–
Net cash flows from/(used in) investing activities		(16,010)	(11,088)	12
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(14,501)	(14,116)	(11,149)
New loans from an immediate holding company		435	7,248	1,074
New loans from a shareholder		1,681	82	1,502
New bank and other borrowings		16,841	211,361	8,168
Repayment of bank and other borrowings		(30,930)	(213,723)	(11,927)
Proceed from issuance of shares		46,971	10,903	694
Net cash flows from/(used in) financing activities		20,497	1,755	(11,638)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,143)	(7,436)	(2,908)
Cash and cash equivalents at beginning of year		20,683	11,303	4,254
Effect of foreign exchange, net		(237)	387	127
CASH AND CASH EQUIVALENTS AT END OF YEAR		11,303	4,254	1,473
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Bank balances	*14*	11,303	4,254	1,473

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	31 December 2019	2020	2021
		HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSET				
Investment in a subsidiary*		129,578	148,739	150,037
CURRENT ASSET				
Bank balances	*14*	1,708	150	304
CURRENT LIABILITIES				
Other payables and accruals	*16*	82	103	22
Due to a fellow subsidiary	*22(b)*	463	917	232
Due to a shareholder	*22(b)*	82	163	–
Total current liabilities		627	1,183	254
NET CURRENT ASSETS/ (LIABILITIES)		1,081	(1,033)	50
TOTAL ASSETS LESS CURRENT LIABILITIES		130,659	147,706	150,087
NON-CURRENT LIABILITIES				
Loans from an immediate holding company	*22(b)*	435	6,815	7,451
Loans from a shareholder	*22(b)*	1,681	–	1,419
Total non-current liabilities		2,116	6,815	8,870
NET ASSETS		128,543	140,891	141,217
EQUITY				
Share capital	*19*	131,346	144,880	146,095
Accumulated losses	*20*	(2,803)	(3,989)	(4,878)
Total equity		128,543	140,891	141,217

* The investment in a subsidiary is unlisted shares at cost. Details of the subsidiary are disclosed in note 1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

G9 Asia IV Pte. Ltd. is a private company limited by shares and incorporated in Singapore on 11 October 2017. The registered office of G9 Asia IV Pte. Ltd. is located at 12 Marina View, #11-01 Asia Square Tower 2, Singapore 018961.

The Target Company is engaged in investment holding.

Target Company's immediate holding company is G9 Asia VIII Pte. Ltd. which was incorporated in Singapore. G9 Asia VIII Pte. Ltd. holds 84% equity interest of the Target Company and the remaining 16% was held by Sandhill Neon Holdings Limited which was incorporated in the British Virgin Islands. The intermediate holding company of G9 Asia VIII Pte. Ltd. is G9 Asia Holding Pte. Ltd., which is incorporated in Singapore and wholly owned by North Haven Real Estate Fund IX, a limited partnership organised in the province of Alberta, Canada. The general partner of North Haven Real Estate Fund IX is MSREI IX Global-GP, L.P., a limited partnership established in Alberta, Canada and a wholly-owned indirect subsidiary of Morgan Stanley.

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

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
上海飲百置業有限公司	Mainland China 13 September 2007	RMB110,000,000	100%	–	Property investment

Note: The subsidiary is registered in the PRC as foreign-owned enterprises with business duration of 50 years.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from the Relevant Periods, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information is presented in HK$ and all values are rounded to the nearest thousand except when otherwise indicated.

The Historical Financial Information has been prepared under the historical cost convention, except for investment property which has been measured at fair value.

Going concern basis

At 31 December 2021, the Target Group had net current liabilities of HK$9.5 million. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Therefore, the Target Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of Chinney Investments, Limited, an existing shareholder of the Target Group, at a level sufficient to finance the working capital requirements of the Target Group. Chinney Investments, Limited has agreed to provide adequate funds for the Target Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should the Target Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Target Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Target Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Target Group intends to adopt them, if applicable, when they become effective.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs accompanying 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The directors of the Target Company anticipate that the application of the new and revised HKFRSs will have no material impact on the Target Group's financial position and performance in the foreseeable future.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Fair value measurement

The Target Group measures its investment property at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

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

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

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

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

or

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

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

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

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

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

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group; *(If the Target Group is itself such a plan)* and the sponsoring employers of the post-employment benefit plan;

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Investment property

Investment property is interest in land and building held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair value of investment property is included in profit or loss in the year in which they arise.

Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of the retirement or disposal.

Leases

The Target Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

When the Target Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Target Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

When the Target Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the on-balance sheet recognition exemption, the Target Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient, the Target Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets

The Target Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Target Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade payables, balances due to a fellow subsidiary and a shareholder, financial liabilities included in other payables and accruals, loans from an immediate holding company and a shareholder and interest-bearing bank borrowing.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Target Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Target Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets" and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

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

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences, and at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from other sources

(a) rental income is recognised on a time proportion basis over the lease terms.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

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

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

The functional currency of an overseas subsidiary is currency other than the Hong Kong dollar. As at the end of each of the Relevant Periods, the assets and liabilities of the entity are translated into Hong Kong dollars at the exchange rates prevailing at the end of each of the Relevant Periods and its statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary is translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement

In the process of applying the Target Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Target Group as lessor

The Target Group has entered into commercial property leases on its investment property portfolio. The Target Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economy life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Estimation of fair value of investment property

In the absence of current prices in an active market for similar property, the Target Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement, are given in note 10 to the Historical Financial Information.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from other source			
Gross rental income	4,447	13,696	18,336

Information about major customers

Revenue from major customers which accounted for 10% or more of the Target Group's revenue for each reporting period during the Relevant Periods is set out below:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Customer A	3,370	3,660	3,874
Customer B	560	–	–
Customer C	517	–	–
Customer D	–	9,321	13,644

An analysis of other income is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Interest income	11	10	12
Others	179	–	–
	190	10	12

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank loans and other borrowings	14,501	14,116	11,149

6. PROFIT/(LOSS) BEFORE TAX

The Target Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Auditor's remuneration	272	271	304
Change in fair value of investment property	12,581	9,610	(16,907)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment property	4,190	1,576	708
Depreciation	–	167	186
Foreign exchange differences, net	178	(124)	(14)

7. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Target Group during the Relevant Periods.

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the Relevant Periods as the Target Group did not generate assessable profits in Hong Kong during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Target Group operates.

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Deferred *(note 18)*	3,145	2,402	(4,227)

A reconciliation of the tax expense/(credit) applicable to the profit/(loss) before tax at the statutory rate to the tax position at the effective rate is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before tax	(40,621)	(15,652)	18,158
Tax at the statutory tax rate	(10,045)	(3,817)	4,612
Expenses not deductible for tax	–	–	(535)
Tax loss not recognised	6,900	1,415	150
Tax charge/(credit) at the Target Group's effective rate	(3,145)	(2,402)	4,227

The Target Group had estimated tax losses arising in Mainland China of HK$54,509,000, HK$61,190,000 and HK$47,656,000 as at 31 December 2019, 2020 and 2021, respectively, that can be used to offset against future taxable profits of the companies in which the losses arose for a maximum of 5 years. Deferred tax assets have not been recognised in respect of these losses as in the opinion of the directors, it is uncertain whether sufficient future taxable profits will be generated against which the tax losses can be utilised.

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment
	HK$'000
31 December 2019	
At 1 January 2019:	
Cost	–
Accumulated depreciation	–
Net carrying amount	–
At 1 January 2019, net of accumulated depreciation	–
Additions	606
At 31 December 2019, net of accumulated depreciation	606
At 31 December 2019:	
Cost	606
Accumulated depreciation	–
Net carrying amount	606
31 December 2020	
At 1 January 2020:	
Cost	606
Accumulated depreciation	–
Net carrying amount	606
At 1 January 2020, net of accumulated depreciation	606
Additions	228
Depreciation provided for the year	(167)
Exchange realignment	29
At 31 December 2020, net of accumulated depreciation	696
At 31 December 2020:	
Cost	873
Accumulated depreciation	(177)
Net carrying amount	696

	Office equipment
	HK$'000
31 December 2021	
At 1 January 2021:	
Cost	873
Accumulated depreciation	(177)
Net carrying amount	696
At 1 January 2021, net of accumulated depreciation	696
Depreciation provided for the year	(186)
Exchange realignment	19
At 31 December 2021, net of accumulated depreciation	529
At 31 December 2021:	
Cost	900
Accumulated depreciation	(371)
Net carrying amount	529

10. INVESTMENT PROPERTY

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount at the beginning of the year	412,014	408,105	434,639
Additions	15,415	10,870	–
Net gain/(loss) from fair value adjustment	(12,581)	(9,610)	16,907
Exchange realignment	(6,743)	25,274	14,235
Carrying amount at the end of the year	408,105	434,639	465,781

The Target Group's investment property consist of a commercial property in Mainland China. The Target Group's investment property was revalued on 31 December 2019 and 2020 based on valuations performed by Shanghai Babacooray & Henry Chartered Valuation Surveyors Co. Ltd, independent professionally qualified valuers, at HK$408,105,000 and HK$434,639,000 respectively. The Target Group's investment property was revalued on 31 December 2021 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, at HK$465,781,000. The investment property is leased to third parties under operating leases, further summary details of which are included in note 11 to the Historical Financial Information.

At 31 December 2019, 2020 and 2021, the Target Group's investment property with an aggregate carrying value of HK$408,105,000, HK$434,639,000 and HK$465,781,000 were pledged to secure the banking facilities granted to the Target Group as detailed in note 17 to the Historical Financial Information.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Target Group's investment property:

	Fair value measurement as at 31 December 2019 using			
	Quoted Prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial property	–	–	408,105	408,105

	Fair value measurement as at 31 December 2020 using			
	Quoted Prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial property	–	–	434,639	434,639

	Fair value measurement as at 31 December 2021 using			
	Quoted Prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial property	–	–	465,781	465,781

During each of the Relevant Periods, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial property
	HK$'000
Carrying amount at 1 January 2019	412,014
Additions	15,415
Net loss from fair value adjustment recognised in profit or loss	(12,581)
Exchange realignment	(6,743)
Carrying amount at 31 December 2019 and 1 January 2020	408,105
Additions	10,870
Net loss from fair value adjustment recognised in profit or loss	(9,610)
Exchange realignment	25,274
Carrying amount at 31 December 2020 and 1 January 2021	434,639
Net gain from fair value adjustment recognised in profit or loss	16,907
Exchange realignment	14,235
Carrying amount at 31 December 2021	465,781

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

	Valuation technique	**Significant unobservable inputs**	**Range or weighted average**		
			31 December		
			2019	**2020**	**2021**
Commercial property	Income capitalisation approach	Estimated rental value (per sq.m. and per month)	RMB375 to RMB399	RMB375 to RMB390	RMB222 to RMB383
		Capitalisation rate	4.5%	4.5%	3.5% to 5.0%

Income capitalisation approach

Under the income capitalisation approach, fair value is estimated on the basis of capitalisation of existing rental income and reversionary market rental income.

The market rentals of the investment property are assessed and capitalised at market yield expected by investors for this type of properties. The market rents are assessed by reference to the rentals achieved in the investment property as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted, is made by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take account of the valuers' knowledge of the market expectation from property investors to reflect factors specific to the Target Group's investment property.

The key inputs were the market rent and the market yield, which a significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment property and a significant increase/decrease in the market yield in isolation would result in a significant decrease/increase in the fair value of the investment property.

11. LEASES

The Target Group as a lessor

The Target Group leases its investment property (note 10). The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Target Group during the years ended 31 December 2019, 2020 and 2021 was HK$4,447,000, HK$13,696,000, and HK$18,336,000, respectively, details of which are included in note 4 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Target Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	11,422	17,063	14,096
After one year but within two years	16,071	13,658	15,027
After two years but within three years	12,863	14,560	14,923
After three years	103,316	95,137	83,266
	143,672	140,418	127,312

12. TRADE RECEIVABLES

Monthly rent in respect of leased property is payable in advance by the tenants pursuant to the terms of the tenancy agreements.

Overdue trade debts are closely monitored by management and are provided for in full in cases of non-recoverability. The Target Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice/contract date and net of loss allowance, is as follows:

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	9	53	14

The carrying amounts of the trade receivables approximate to their fair values.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The financial impact of ECLs for trade receivables was insignificant during the Relevant Periods.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	410	142	–
Deposits and other receivables	370	1,917	6,211
	780	2,059	6,211

The carrying amount of deposits and other receivables approximated to their fair value as at the end of each of the Relevant Periods. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at the end of each of the Relevant Periods were considered to be minimal.

14. BANK BALANCES

The Target Group

The cash and cash equivalents of the Target Group denominated in Renminbi ("**RMB**") as at 31 December 2019, 2020 and 2021 amounted to HK$9,595,000, HK$4,104,000 and HK$1,169,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

At the end of each of the Relevant Periods, the bank balance of the Target Group was denominated in Renminbi and United States dollars. The bank balance is deposited with a creditworthy bank with no recent history of default. The carrying amount of the bank balance approximated to its fair value.

The Target Company

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Cash and bank balances	1,708	150	304

All the cash and cash equivalents of the Target Company were denominated in United States Dollar.

15. TRADE PAYABLES

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

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	6,759	1,072	1,063

The trade payables are non-interest-bearing and are normally settled on 30-days terms.

16. OTHER PAYABLES AND ACCRUALS

The Target Group

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Other payables	1,655	1,856	1,996
Accruals	462	897	1,922
	2,117	2,753	3,918

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

The Target Company

	31 December		
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
Other payables	82	103	22

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December								
	2019			2020			2021		
	Effective interest rate	Maturity		Effective interest rate	Maturity		Effective interest rate	Maturity	
	(%)		*HK$'000*	*(%)*		*HK$'000*	*(%)*		*HK$'000*
Current									
Bank loans – secured	6.5	2019-2020	11,186	4.7	2020-2021	2,375	4.7	2021-2022	3,677
Other borrowings – unsecured	–	–	–	12	2021	9,383	12	2022	8,311
			11,186			11,758			11,988
Non-current									
Bank loans – secured	6.5	2021-2025	201,342	4.7	2022-2035	211,402	4.7	2023-2035	214,506

Analysed into:
Bank and other borrowings repayable:

	31 December		
	2019	2020	2021
	HK$'000	*HK$'000*	*HK$'000*
Within one year	11,186	11,758	11,988
In the second year	2,237	3,563	6,129
In the third to fifth years, inclusive	3,356	53,444	37,998
Beyond five years	195,749	154,395	170,379
	212,528	223,160	226,494

Notes:

(a) The bank loans are secured by mortgages over the Target Group's investment property as detailed in note 10 to the Historical Financial Information.

(b) The bank loans and other borrowings as set out above are denominated in Renminbi.

18. DEFERRED TAX LIABILITIES

	Revaluation of investment property
	HK$'000
At 1 January 2019	70,261
Deferred tax credited to profit or loss during the year *(note 8)*	(3,145)
Exchange realignment	(1,137)
At 31 December 2019 and 1 January 2020	65,979
Deferred tax credited to profit or loss during the year *(note 8)*	(2,402)
Exchange realignment	3,940

	Revaluation of investment property HK$'000
At 31 December 2020 and 1 January 2021	67,517
Deferred tax charged to profit or loss during the year *(note 8)*	4,227
Exchange realignment	2,239
At 31 December 2021	73,983

19. SHARE CAPITAL

	Ordinary shares		Redeemable preference shares		
	Number of share	Share capital HK$'000	Number of shares	Share capital HK$'000	Total shares capital HK$'000
As at 1 January 2019	1,600	12,155	8,600	68,880	81,035
Issued during the year *(note)*	400	7,547	400	42,764	50,311
As at 31 December 2019 and 1 January 2020	2,000	19,702	9,000	111,644	131,346
Issued during the year *(note)*	300	2,030	300	11,504	13,534
As at 31 December 2020 and 1 January 2021	2,300	21,732	9,300	123,148	144,880
Issued during the year *(note)*	300	182	300	1,033	1,215
As at 31 December 2021	2,600	21,914	9,600	124,181	146,095

The holder of ordinary shares is entitled to receive dividends as and when declared by the Target Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Redemption of the redeemable preference shares and declaration of dividend payment is at the Target Company's option. The redeemable preference shareholders have the right to the return of capital paid-up on redeemable preference shares, on a pari passu basis with the holders of ordinary shares in the Target Company.

Note:

During the year ended 31 December 2019, 300 ordinary shares and 300 redeemable preference shares were issued for cash at US$3,011 per share and US$17,062 per share, respectively, which resulted in proceeds of US$6,022,000 (equivalent to HK$46,971,000) in aggregate.

During the year ended 31 December 2020, 192 ordinary shares and 192 redeemable preference shares were issued for cash at US$1,092 per share and US$6,189 per share, respectively, which resulted in proceeds of US$1,398,000 (equivalent to HK$10,903,000) in aggregate.

During the year ended 31 December 2021, 200 ordinary shares and 200 redeemable preference shares were issued for cash at US$67 per share and US$378 per share, respectively, which resulted in proceeds of US$89,000 (equivalent to HK$694,000) in aggregate.

20. RESERVES

The Target Group

The amounts of the Target Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in equity of the financial statements.

The Target Company

A summary of the Target Company's reserves is as follows:

	Accumulated losses *HK$'000*
At 1 January 2019	(1,445)
Total comprehensive loss for the year	(1,358)
At 31 December 2019 and 1 January 2020	(2,803)
Total comprehensive loss for the year	(1,186)
At 31 December 2020 and 1 January 2021	(3,989)
Total comprehensive loss for the period	(889)
At 31 December 2021	(4,878)

21. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2019, loans from an immediate holding company of US$359,738 (equivalent to HK$2,806,000) and loans from a shareholder of US$68,522 (equivalent to HK$534,000) were deemed repaid by the Target Company by offsetting against the insurance of shares of US$428,260 (equivalent to HK$3,340,000).

During the year ended 31 December 2020, loans from an immediate holding company of US$111,230 (equivalent to HK$868,000) and loans from a shareholder of US$225,987 (equivalent to HK$1,763,000) were deemed repaid by the Target Company by offsetting against the insurance of shares of US$337,217 (equivalent to HK$2,631,000).

During the year ended 31 December 2021, loans from an immediate holding company of US$56,174 (equivalent to HK$438,000) and loans from a shareholder of US$10,700 (equivalent to HK$83,000) were deemed repaid by the Target Company by offsetting against the insurance of shares of US$66,874 (equivalent to HK$521,000).

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings *HK$'000*	**Loans from an immediate holding company** *HK$'000*	**Loans from a shareholder** *HK$'000*
At 1 January 2019	230,292	2,806	534
Changes from financing cash flows	(14,089)	435	1,681
Capitalisation of loans *(note 21(a))*	–	(2,806)	(534)
Exchange realignment	(3,675)	–	–
At 31 December 2019 and 1 January 2020	212,528	435	1,681
Changes from financing cash flows	(2,362)	7,248	82
Capitalisation of loans *(note 21(a))*	–	(868)	(1,763)
Exchange realignment	12,994	–	–

	Interest-bearing bank and other borrowings *HK$'000*	Loans from an immediate holding company *HK$'000*	Loans from a shareholder *HK$'000*
At 31 December 2020 and 1 January 2021	223,160	6,815	–
Changes from financing cash flows	(3,759)	1,074	1,502
Capitalisation of loans *(note 21(a))*	–	(438)	(83)
Exchange realignment	7,093	–	–
At 31 December 2021	226,494	7,451	1,419

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these Historical Financial Information, the Target Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2019	2020	2021
	HK$'000	*HK$'000*	*HK$'000*
Management fee paid to:			
A fellow subsidiary	463	917	946
A shareholder	82	163	125

The above transactions were conducted at mutually agreed rates on basis determined by both parties.

(b) Outstanding balances with related parties

The Target Group's outstanding balances with related companies, who are Morgan Stanley Asia (Singapore) Pte., a fellow subsidiary and the investment manager of the Target Company, and Sandhill Neon Holdings Limited, a shareholder of the Target Company, as at the end of each of the Relevant Periods. The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

The Target Group's loans from an immediate holding company and a shareholder are with maturity dates from 7 August 2069 to 26 December 2069 in 2019, 28 October 2025 in 2020, and from 7 February 2026 to 8 December 2026 in 2021. They are unsecured, interest-free and with early repayment permitted.

(c) Compensation of key management personnel of the Target Company

The Target Company's key management personnel are the directors and they did not receive any remuneration from the Target Company for their services rendered during the Relevant Periods.

23. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Financial assets at amortised cost 31 December		
	2019	2020	2021
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	9	53	14
Financial assets included in prepayment, deposits and other receivables	370	1,917	6,211
Bank balances	11,303	4,254	1,473
	11,682	6,224	7,698

Financial liabilities

	Financial liabilities at amortised cost		
	31 December		
	2019	2020	2021
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	6,759	1,072	1,063
Other payables and accruals	2,117	2,753	3,918
Due to a fellow subsidiary	463	917	232
Due to a shareholder	82	163	–
Loans from an immediate holding company	435	6,815	7,451
Loans from a shareholder	1,681	–	1,419
Interest-bearing bank and other borrowings	212,528	223,160	226,494
	224,065	234,880	240,577

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, bank balance, financial assets included in prepayments, deposits and other receivables, trade payables, other payables and accruals, balances with group company and a shareholder, and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of non-current interest-bearing bank and other borrowings and loans from an immediate holding company and a shareholder have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to approximate to their carrying amounts. The changes in fair value as a result of the Target Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments mainly include trade receivables, bank balance, financial assets included in prepayments, deposits and other receivables, trade payables, other payables and accruals, loans from an immediate holding company and a shareholder and interest-bearing bank and other borrowings, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Target Group's operations.

The main risks arising from the Target Group's financial instruments are credit risk, interest rate risk and liquidity risk. The directors meet periodically to analyse and formulate measures to manage each of these risks and they are summarised below:

Credit risk

The Target Group's bank balance is held in financial institutions located in Mainland China and Singapore, which management believes is of high credit quality. The Target Group has policies in place to evaluate credit risk when accepting new business and to limit its credit exposure to individual customers.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2019, 2020 and 2021. The amounts presented are gross carrying amounts for financial assets.

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2019					
Trade receivables	–	–	–	9	9
Financial assets included in prepayments, deposits and other receivables					
– Normal*	370	–	–	–	370
Bank balance					
– Not yet past due	11,303	–	–	–	11,303
	11,673	–	–	9	11,682

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2020					
Trade receivables	–	–	–	53	53
Financial assets included in prepayments, deposits and other receivables					
– Normal*	1,917	–	–	–	1,917
Bank balance					
– Not yet past due	4,254	–	–	–	4,254
	6,171	–	–	53	6,224

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2021					
Trade receivables	–	–	–	14	14
Financial assets included in prepayments, deposits and other receivables					
– Normal*	6,211	–	–	–	6,211
Bank balance					
– Not yet past due	1,473	–	–	–	1,473
	7,684	–	–	14	7,698

* The credit quality of financial assets included in prepayments, deposits other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Group's long term debt obligations with floating interest rates. The interest rates and terms of repayment of the Target Group's borrowings are disclosed in note 17 to the Historical Financial Information. The Target Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Target Group's profit/loss after tax and the Target Group's equity (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss after tax and equity**
		HK$'000
2019		
RMB	10	213
2020		
RMB	10	223

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity**
		HK$'000
2021		
RMB	10	(226)

Liquidity risk

The Target Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Target Group finances its working capital requirements through a combination of funds generated from operations and bank.

The maturity profile of the Target Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	Less than 12 months	**1 to 2 years**	**Over 2 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2019				
Trade payables	6,759	–	–	6,759
Other payables and accruals	2,117	–	–	2,117
Due to a fellow subsidiary	463	–	–	463
Due to a shareholder	82	–	–	82
Loans from an immediate holding company	–	–	435	435
Loans from a shareholder	–	–	1,681	1,681
Interest bearing bank and other borrowings	24,842	134,601	93,673	253,116
	34,263	134,601	95,789	264,653

	Less than 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total HK$'000
31 December 2020				
Trade payables	1,072	–	–	1,072
Other payables and accruals	2,753	–	–	2,753
Due to a fellow subsidiary	917	–	–	917
Due to a shareholder	163	–	–	163
Loans from an immediate holding company	–	–	6,815	6,815
Interest bearing bank and other borrowings	12,127	13,166	281,787	307,080
	17,032	13,166	288,602	318,800

	Less than 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total HK$'000
31 December 2021				
Trade payables	1,063	–	–	1,063
Other payables and accruals	3,918	–	–	3,918
Due to a fellow subsidiary	232	–	–	232
Loans from an immediate holding company	–	–	7,451	7,451
Loans from a shareholder	–	–	1,419	1,419
Interest bearing bank and other borrowings	13,588	15,790	275,034	304,412
	18,801	15,790	283,904	318,495

Capital management

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

26. SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Target Group after 31 December 2021.

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 31 December 2021.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Group as enlarged as if the Acquisition had been completed.

The unaudited pro forma financial information of the Enlarged Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2021 included in the published interim report of the Company for the six months ended 30 September 2021 and other financial information included elsewhere in this circular, after giving effect to the unaudited pro form adjustments as described in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 September 2021, where applicable, or any future dates.

The unaudited pro forma financial information should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group 30 September 2021	The Target Group 31 December 2021	Pro forma adjustments			Pro Forma Enlarged Group
	(Unaudited)	*(audited)*				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	**(note 2)**	**(note 3)**	**(note 4)**	**(note 5)**	
Non-current Assets						
Properties, plant and equipment	313,708	529				314,237
Investment properties	15,315,381	465,781				15,781,162
Goodwill	–	–		54,841		54,841
Investment in a joint venture	199	–				199
Investments in associates	1,311,427	–				1,311,427
Total non-current assets	16,940,715	466,310				17,461,866
Current assets						
Taxation recoverable	236	–				236
Properties held for sale under development and completed properties held for sale	2,087,975	–				2,087,975
Trade receivables	14,240	14				14,254
Contract costs	16,409	–				16,409
Prepayments, deposits and other receivables	445,925	6,211				452,136
Cash and bank balances	1,735,508	1,473		(231,470)	(3,400)	1,502,111
Total current assets	4,300,293	7,698				4,073,121
Current liabilities						
Trade payables, other payables, accrued liabilities and others	337,828	4,981				342,809
Interest-bearing bank and other borrowings	2,354,826	11,988	(8,311)			2,358,503
Lease liabilities	17,643	–				17,643
Contract liabilities	385,027	–				385,027
Customers deposits	100,500	–				100,500
Tax Payable	275,561	–				275,561
Due to a fellow subsidiary	–	232				232
Total current liabilities	3,471,385	17,201				3,480,275

	The Group 30 September 2021 *(Unaudited)* *HK$'000* **(note 1)**	The Target Group 31 December 2021 *(audited)* *HK$'000* **(note 2)**	Pro forma adjustments *HK$'000* **(note 3)**	*HK$'000* **(note 4)**	*HK$'000* **(note 5)**	Pro Forma Enlarged Group *HK$'000*
Net current assets/(liabilities)	828,908	(9,503)				592,846
Non-current liabilities						
Interest-bearing bank borrowings	3,838,884	214,506				4,053,390
Lease liabilities	33,491	–				33,491
Deferred tax	1,438,336	73,983				1,512,319
Loans from an immediate holding company	–	7,451		(7,451)		–
Loans from a shareholder	–	1,419		(1,419)		–
Total non-current liabilities	5,310,711	297,359				5,599,200
Net Assets	12,458,912	159,448	8,311	(167,759)	(3,400)	12,455,512

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

1. The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 September 2021 included in the published interim report for the six months ended 30 September 2021.

2. The amounts are extracted from the historical financial information of the Target Group, as set out in Appendix IIB to the Circular.

3. In connection to the Acquisition, a loan from a related party controlled by Vendor B amounting to RMB6,780,000 (equivalent to HK$8,311,000) as at 31 December 2021 would be waived by the related party at the date of Completion. The waiver of loan would increase the net assets of the Target Group by HK$8,311,000 as at 31 December 2021.

4. Pursuant to the Acquisition Agreement, the Consideration payable to the Vendors for the Sale Shares and the Sale Loans shall be RMB192 million (equivalent to approximately HK$234,835,000), and it is subject to the consideration adjustment by adding the Agreed Net Asset Value, or minus, as the case may be, the Agreed Net Liability Value of the Target Group at the date of Completion ("**Consideration Adjustment**").

   For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the Consideration Adjustment was calculated based on the amount of the assets and liabilities of the Target Group as at 31 December 2021.

   Consideration Adjustment

	HK$'000
Cash consideration	234,835
Less: Net Liability Value	(3,365)
Bank balances	1,473
Prepayments, deposits and other receivables	375
Trade payables	(1,063)
Other payables and accruals	(3,918)
Due to a fellow subsidiary	(232)
Consideration after Consideration Adjustment	231,470

   For the purpose of the Unaudited Pro Forma Financial Information, the Consideration after Consideration Adjustment would be HK$231,470,000, with the consideration attributable to the face value of Sales Loans of HK$8,870,000 (consists of loans from an immediate holding company of HK$7,451,000 and loans from a shareholder of HK$1,419,000) and the balance of HK$222,600,000 being the consideration for the Sales Shares. The Consideration is assumed to be settled by cash.

   The Group has applied the acquisition method in accordance with HKFRS 3 to account for the Acquisition as if the Acquisition had been completed on 31 December 2021 and the calculation of pro forma goodwill is as follows:

	HK$'000
Cash consideration (After Consideration Adjustment)	222,600
Less: Adjusted net identifiable assets of the Target Group to be acquired:	
Net assets of the Target Group	159,448
Pro Forma adjustment – waiver of loan by related party *(Note 3)*	8,311
Fair value of identifiable net assets acquired	167,759
Goodwill	54,841

The increase in goodwill of HK$54,841,000 represents the excess of the Consideration (after Consideration Adjustment) of HK$222,600,000 over the net identifiable assets acquired and liabilities assumed of HK$167,759,000 of the Target Company as at 31 December 2021.

The actual amount of Net Assets Value/Net Liability Value of the Target Group and the final amount of the Consideration after Consideration Adjustment at the date of Completion are different from the values used above in the preparation of the Unaudited Pro Forma Financial Information which are at 31 December 2021, the latest financial period of audited financial information of the Target Group.

5. The adjustment represents the estimated transaction costs, including legal and professional fees of approximately HK$3,400,000 that are directly attributable to the Acquisition and will be settled by cash.

The following is the text of a report on the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of this circular.

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

To the Directors of Chinney Investments, Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Chinney Investments, Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2021 and related notes as set out in Appendix III to the circular dated 25 April 2022 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the acquisition of the 100% equity interests in G9 Asia IV Pte. Ltd. and its subsidiary (collectively, the "**Target Group**"). Upon the completion of the acquisition, the Company effectively holds 100% equity interest in the Target Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the Target Group on the Group's assets and liabilities as at 30 September 2021 as if the acquisition of the Target Group had taken place on 30 September 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited interim financial statements for the six months period ended 30 September 2021, on which no auditor's report or review report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

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

Our independence and quality control

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

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

Reporting Accountants' responsibilities

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

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

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

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

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

- the related pro forma adjustments give appropriate effect to those criteria; and

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

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

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

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

Opinion

In our opinion:

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

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

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

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
25 April 2022

The following is the text of a letter and one valuation certificate, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 31 March 2022 of the Property held by Shanghai Yinbai Property Co. Limited.*

JLL®
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place
979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

25 April 2022

The Board of Directors
Chinney Investments, Limited (the "Company")
23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Dear Sirs,

On 7 January 2022 (after trading hours), Honour Elite Holdings Limited (the "**Purchaser**" or "**Honour Elite**"), an indirect wholly-owned subsidiary of Chinney Investments, Limited (the "**Company**") and the Company (as guarantor for the Purchaser) entered into the Acquisition Agreement with G9 Asia VIII Pte. Ltd. ("**G9 Asia**", an independent third party) and Sandhill Neon Holdings Limited ("**Sandhill Neon**", an independent third party) (altogether as the "**Vendors**"), pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Target Equity (being the Sale Shares and the Sale Loans) at the aggregate consideration of approximately RMB192 million (equivalent to approximately HK$234.8 million).

In accordance with your instructions to value the property interest held by Shanghai Yinbai Property Co. Limited* (上海飲百置業有限公司, "**Shanghai Yinbai**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 March 2022 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "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".

We have valued the property interest which was held for investment by Shanghai Yinbai as at the valuation date by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

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

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by Shanghai Yinbai and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, and particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of Real Estate Title Certificates relating to the property interest and have made relevant enquires. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser – Jingtian & Gongcheng, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

The site inspection was carried out in August 2021 by Mr. Tony Xu who has 7 years' valuation experience in the real estate industry of the PRC. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Shanghai Yinbai. We have also sought confirmation from the Company and Shanghai Yinbai that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy is experiencing gradual recovery and it is anticipated that disruption to business activities will steadily reduce. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of this property under frequent review.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 28 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held by Shanghai Yinbai in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
Nexxus Jing'an located at No. 608 Xikang Road Jing'an District Shanghai The PRC	Nexxus Jing'an is located at No. 608 Xikang Road. The locality is a mature residential and commercial area. It is well served by public facilities such as Shanghai Ophthalmology Hospital and Shanghai No.1 Middle School. Moreover, the property is about 5 minutes' walking distance away from the Metro Line 7 Changping Road Station and various entertainment parks such as 800 Show, Crea Infinity and Tonglefang are located nearby. The property occupies a parcel of land with a site area of approximately 4,494 sq.m. which had been developed into a commercial development. The property was completed in 1999 and finished renovation in 2020. The property was held for investment by Shanghai Yinbai as at the valuation date. As at the valuation date, the property comprises a commercial block with Level 1 to Level 4, and has a total gross floor area of approximately 6,661.67 sq.m. The land use rights of the property have been granted with no definite expiry date for composite use.	As at the valuation date, portions of the property with a total gross floor area of approximately 4,059.72 sq.m. were rented to various independent third parties for office and commercial purposes, the remaining portions of the property were vacant.	380,000,000

Notes:

1. Pursuant to 4 Real Estate Title Certificates – Hu (2018) Jing Zi Bu Dong Chan Quan Di Nos. 009871, 009908, 009909 and 009913, the land use rights of a parcel of land with a site area of approximately 4,494 sq.m. have been granted to Shanghai Yinbai with no definite expiry date for composite use. The property with a total gross floor area of approximately 6,661.67 sq.m. is owned by Shanghai Yinbai.

2. Pursuant to 3 Tenancy Agreements, portions of the property with a total gross floor area of approximately 4,059.72 sq.m. are leased to 3 tenants (independent third parties) for office and commercial purposes with various expiry dates between 14 March 2023 and 6 April 2030, and the annual passing rent as at the valuation date was approximately RMB12,093,000, exclusive of management fees, water and electricity charges.

3. According to a signed Commercial Lease Letter of Intent entered into between Shanghai Yinbai and an independent third party, portion of the property with a gross floor area of approximately 1,873.86 sq.m. was scheduled to leased out for commercial purpose. As advised by the Company, the Tenancy Agreement following the signed Commercial Lease Letter of Intent is scheduled to be signed in April 2022 and the premises is estimated to be delivered to the tenant on/or before 30 May 2022, the actual premises delivery date would be confirmed by the signed Tenancy Agreement.

4. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and compared with similar developments which are located in the similar areas of the subject property, for the calculation of market rent in considering the reversionary rental income after the expiry of the existing leases for occupied area;

   b. The unit rents of these comparable units on the first floor range from RMB6.0 to RMB10.00 per sq.m. per day; and

   c. Based on our research on commercial and office markets in the surrounding area of the property, the stabilized market yield ranged from 4.0%-5.5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied the market yield ranged from 4.0%-5.0% for different portions as the capitalization rate in the valuation.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. The property can be used in existing condition and there is no requirement for going through further procedure regarding to the payment of land premium to the government. The land use rights term is not disclosed in Real Estate Title Certificates and the government has not prohibited or limited Shanghai Yinbai to transfer, lease and mortgage the property;

   b. Subject to the political factors and uncertainties of the policy from the government, it is possible that the future policy is inconsistent with the current laws and regulations, which could cause deviation from the legal opinion;

   c. The Tenancy Agreements are valid and legally binding on the parties thereto unless there is arise of invalidation and discharge of the agreements; and

   d. Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of Industrial Commercial Bank of China Limited (Hongkou Branch) (the "**Bank**"), as security to guarantee the principal obligation under a contract entered into between the Bank and Shanghai Yinbai for an amount of RMB180,000,000 with the security term from 2 November 2020 to 2 November 2035.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

Directors' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name of Director	*Notes*	**Capacity and nature of interest**	**Number of Shares held**	**Percentage of the Company's issued Shares**
Dr. Wong	*1 & 2*	Through controlled corporations	341,439,324	61.93
	1	Beneficially owned	480,000	0.09

(b) Long positions in the ordinary shares/paid-up registered capital of associated corporations of the Company

Name of Director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/paid-up registered capital
Dr. Wong	*1 & 3*	Hon Kwok	Through controlled corporations	502,262,139	69.72
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporations	438,334,216	73.68
	1 & 6	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year Finance Limited ("**Lucky Year**")	Beneficially owned	20,000	100.00
	1 & 7	Chinney Trading Company Limited ("**Chinney Trading**")	Through controlled corporations	7,150	55.00

Notes:

1. All the interests stated above represent long positions.

2. These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. Dr. Wong is a director of Lucky Year and has beneficial interests therein.

3. Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 2, Dr. Wong is deemed to be interested in these shares. The remaining 11,756,000 shares are held by Chinney Capital Limited of which Dr. Wong is a director and has beneficial interests therein.

4. Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.

5. Out of the 438,334,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 265,240,521 shares are held by companies controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.

6. These shares are beneficially held by Lucky Year. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.

7. Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and other persons' interests and short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following substantial Shareholders and other persons (other than the Directors) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity and nature of interest	Number of Shares held	Percentage of the Company's issued Shares
Chinney Holdings	Directly beneficially owned	341,439,324	61.93
Lucky Year	Through controlled corporation	341,439,324	61.93

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

Dr. Wong, Mr. James Sing-Wai Wong and Dr. Emily Yen Wong, all being Directors, are also directors of both Chinney Holdings and Lucky Year.

Save as disclosed herein, as at the Latest Practicable Date, none of the substantial Shareholders or other persons (other than the Directors) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

3. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

The Company, through providing administration and general services, received a management fee of HK$13,074,000 from Hon Kwok for the year ended 31 March 2021. Dr. Wong has beneficial interests in Hon Kwok.

The Company, through providing administration and general services, received a management fee of HK$5,448,000 from Chinney Alliance for the year ended 31 March 2021. Dr. Wong has beneficial interests in Chinney Alliance.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 March 2021 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

Dr. Wong, executive Director and Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment. Accordingly, Dr. Wong is regarded as being interested in businesses which might compete with the Enlarged Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Enlarged Group.

5. DIRECTORS' SERVICE CONTRACTS

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

6. LITIGATION

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

7. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Enlarged Group within the two (2) years immediately preceding the Latest Practicable Date and are or may be material:

(a) a facility agreement dated 15 October 2020 entered into between Chinney Treasury Limited and a syndicate of banks in relation to HK$800 million term and revolving loan facilities; and

(b) the Acquisition Agreement.

8. EXPERTS AND CONSENTS

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

Name	Qualification
Ernst & Young	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

The experts listed above have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their letters and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither of the experts listed above had any shareholding, directly or indirectly, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, neither of the experts listed above had any direct or indirect interests in any assets which had been, since 31 March 2021 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are displayed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinney.com.hk) for a period of 14 days commencing from the date of this circular:

(a) the Acquisition Agreement;

(b) the letter from the Board, the text of which is set out on pages 6 to 14 of this circular;

(c) the Accountant's Report issued by Ernst & Young in relation to the Target Group, the text of which is set out in Appendix IIB to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group prepared by Ernst & Young, the text of which is set out in Appendix III to this circular;

(e) the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in relation to the Property, the text of which is set out in Appendix IV to this circular;

(f) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(g) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix; and

(h) this circular.

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Ka-Yee Wan, an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

(b) The Company's registered office is at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

(c) The share registrar 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 its Chinese text.