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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OVERVIEW

Our predecessor, Karrie International, was incorporated in Bermuda on 29 October 1996 and the Karrie International Group is principally engaged in (i) metal and plastic business; (ii) electronic manufacturing services; and (iii) real estate business. The Karrie International Shares have been listed on the Main Board since 16 December 1996.

Our Company was incorporated in the Cayman Islands with limited liability on 2 September 2020. Through the Reorganisation, our Company became the holding company of our subsidiaries. Prior to the incorporation of our Company and completion of the Spin-off, our subsidiaries formed an integral part of the Karrie International Group.

During the Track Record period and as at the Latest Practicable Date, our principal business is engaging in the development and sales of residential properties in Dongguan, Huizhou and Foshan in the Greater Bay Area.

Set forth below is a chronological review of the key business milestones of our Group:

<u>Year</u>	<u>Event</u>
September 2013	Dongguan Karrie was established in the PRC for development of Phases 4 and 5 of Castfast Villas project.
November 2015	The construction of Phase 3 of Castfast Villas commenced.
March 2016	The construction of Phases 4 and 5 of Castfast Villas commenced.
October 2016	Dongguan City Jiahao acquired 47 service apartments situated at Phase 1 (Area B) of Castfast Villas, Dalong Industrial Zone, Fenggang Town, Dongguan City (東莞市鳳崗鎮大龍工業區嘉輝豪庭B區) with an aggregate floor area of approximately 3,683.42 sq.m.
January 2017	Boluo Jiayingli was established in the PRC for the residential development of Louvre Mansion in Boluo County, Huizhou.
September 2017	Phase 3 of Castfast Villas commenced for pre-sale.
January 2018	The construction of Louvre Mansion commenced.
August 2018	The construction of Phase 3 of Castfast Villas was completed.
September 2019	Phase 4 of Castfast Villas commenced for pre-sale.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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<u>Year</u>	<u>Event</u>
September 2020	Louvre Mansion commenced for pre-sale.
May 2021	The construction of Phase 4 of Castfast Villas was completed.
June 2021	Phase 5 of Castfast Villas commenced for pre-sale.
November 2021	The construction of Phase 5 of Castfast Villas was completed.

### CORPORATE HISTORY

Our Group consists of our Company and twenty five subsidiaries. Set out below is the corporate history and development of our Company and our PRC operating subsidiaries.

#### **Our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 September 2020 and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 13 April 2022. As at the date of its incorporation, the authorised share capital of our Company was HK\$380,000 divided into 3,800,000 Shares of HK\$0.1 each. For further details, please refer to the paragraph headed “Reorganisation — Incorporation of our Company” below in this section.

#### **Phase 3 Project Company**

Prior to the Corporate Division, Dongguan City Jiaxuntong was established in the PRC on 7 September 2000 as a limited liability company with a registered capital of RMB1,000,000. Following the completion of the Corporate Division on 26 November 2021, Dongguan City Jiaxuntong was segregated into two companies, namely Phase 3 Project Company and Dongguan Jiale Enterprise Development Company Limited\* (東莞嘉樂企業發展有限公司). For details of the Corporate Division, please refer to the paragraph headed “Reorganisation — Corporate Division of Dongguan City Jiaxuntong” below in this section. As at the Latest Practicable Date, Phase 3 Project Company had a registered capital of RMB50,000,000 and was engaged in real estate development business in relation to Phase 3 of Castfast Villas.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Dongguan Karrie**

Dongguan Karrie was established in the PRC on 17 September 2013 as a limited liability company with a registered capital of US\$50,000,000. As at the date of establishment, Dongguan Karrie was wholly-owned by Castfast Industrial. As at the Latest Practicable Date, Dongguan Karrie was engaged in real estate development business.

### **Boluo Jiayingli**

Boluo Jiayingli was established in the PRC on 11 January 2017 as a limited liability company with a registered capital of RMB60,000,000. As at the date of establishment, Boluo Jiayingli was wholly-owned by Kar Gain. As at the Latest Practicable Date, Boluo Jiayingli was engaged in real estate development business.

### **Dongguan Wansheng**

Dongguan Wansheng was established in the PRC on 21 March 2017 as a limited liability company with a registered capital of RMB10,000,000. As at the date of establishment, Dongguan Wansheng was wholly-owned by Kar York. As at the Latest Practicable Date, Dongguan Wansheng was engaged in sale of construction materials and steel business, it served as the procurement function of the Group, and no sales has been made by it to any external parties.

Each of the above PRC operating subsidiaries of the Group namely, Phase 3 Project Company, Dongguan Karrie, Boluo Jiayingli, Dongguan Wansheng are under common control by Mr. Ho Cheuk Fai before and after the Reorganisation for applying merger basis of accounting as further detailed under the section headed “Financial Information — Basis of Presentation” in this listing document.

## **REORGANISATION**

In preparation for the Spin-off and the Listing, the following reorganisation steps were implemented:

### **Termination of trust arrangements between Mr. Ho Cheuk Fai and Karrie International BVI**

#### ***Castfast Industrial***

Immediately before the Reorganisation, Karrie International BVI beneficially owned the entire issued share capital of Castfast Industrial, amongst which, 10% shareholding in Castfast Industrial was owned through Mr. Ho Cheuk Fai, our Controlling Shareholder, pursuant to a

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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declaration of trust executed by Mr. Ho Cheuk Fai as trustee and Karrie International BVI as beneficiary dated 3 December 1997, whereby Mr. Ho Cheuk Fai held one ordinary share in Castfast Industrial on trust for Karrie International BVI. On 11 August 2020, as part of the Reorganisation, at the request of Karrie International BVI, Mr. Ho Cheuk Fai executed an instrument of transfer in favour of Karrie International BVI, pursuant to which Mr. Ho Cheuk Fai transferred the legal ownership of his 10% shareholding in Castfast Industrial to Karrie International BVI, thereby terminating the above trust arrangement. Accordingly, Castfast Industrial became a direct wholly-owned subsidiary of Karrie International BVI.

### *Kwong Hing*

Immediately before the Reorganisation, Karrie International BVI beneficially owned the entire issued share capital of Kwong Hing amongst which, 10% shareholding in Kwong Hing was owned through Mr. Ho Cheuk Fai, our Controlling Shareholder, pursuant to a declaration of trust executed by Mr. Ho Cheuk Fai as trustee and Karrie International BVI as beneficiary dated 3 December 1997, whereby Mr. Ho Cheuk Fai held one ordinary share in Kwong Hing on trust for Karrie International BVI. On 11 August 2020, as part of the Reorganisation, at the request of Karrie International BVI, Mr. Ho Cheuk Fai executed an instrument of transfer in favour of Karrie International BVI, pursuant to which Mr. Ho Cheuk Fai transferred the legal ownership of his 10% shareholding in Kwong Hing to Karrie International BVI, thereby terminating the above trust arrangement. Accordingly, Kwong Hing became a direct wholly-owned subsidiary of Karrie International BVI.

### *Karrie Properties*

Immediately before the Reorganisation, Karrie International BVI beneficially owned the entire issued share capital of Karrie Properties amongst which, 10% shareholding in Karrie Properties was owned through Mr. Ho Cheuk Fai, our Controlling Shareholder, pursuant to a declaration of trust executed by Mr. Ho Cheuk Fai as trustee and Karrie International BVI as beneficiary dated 3 December 1997, whereby Mr. Ho Cheuk Fai held one ordinary share in Karrie Properties on trust for Karrie International BVI. On 11 August 2020, as part of the Reorganisation, at the request of Karrie International BVI, Mr. Ho Cheuk Fai executed an instrument of transfer in favour of Karrie International BVI, pursuant to which Mr. Ho Cheuk Fai transferred the legal ownership of his 10% shareholding in Karrie Properties to Karrie International BVI, thereby terminating the above trust arrangement. Accordingly, Karrie Properties became a direct wholly-owned subsidiary of Karrie International BVI.

The above transfers have been properly and legally completed and settled.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Transfer of Benefit Master to Karrie International BVI**

On 10 August 2020, as part of the Reorganisation, Karrie International transferred 100% interest in Benefit Master to Karrie International BVI at par value. Accordingly, Benefit Master became a direct wholly-owned subsidiary of Karrie International BVI and Abundant Tech, a direct wholly-owned subsidiary of Benefit Master, became an indirect wholly-owned subsidiary of Karrie International BVI. Such transfer has been properly and legally completed and settled.

### **Transfer of interest in Massive Era, Gold Praiseworthy, Castfast Industrial, Kwong Hing, Karrie Properties, Kar Gain and Kar York to Benefit Master**

#### *Massive Era*

On 10 August 2020, as part of the Reorganisation, Karrie International transferred 100% interest in Massive Era to Benefit Master at par value. Accordingly, Massive Era became a direct wholly-owned subsidiary of Benefit Master. Such transfer has been properly and legally completed and settled.

#### *Gold Praiseworthy*

On 14 August 2020, as part of the Reorganisation, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI and the issue of one consideration share by Karrie International BVI to Karrie International, Karrie International transferred 100% interest in Gold Praiseworthy to Benefit Master. Accordingly, Gold Praiseworthy became a direct wholly-owned subsidiary of Benefit Master, and each of Gold Praiseworthy Wedding, Dongguan Jiahui, Dongguan City Jiahao and Dongguan City Jiali, each being a wholly-owned subsidiary of Gold Praiseworthy, became an indirect wholly-owned subsidiary of Benefit Master. Such transfer has been properly and legally completed and settled.

#### *Castfast Industrial*

##### *(i) Ordinary shares*

On 14 August 2020, as part of the Reorganisation, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI, Karrie International BVI transferred ten ordinary shares of Castfast Industrial (being all the issued ordinary shares in Castfast Industrial) to Benefit Master. Accordingly, Castfast Industrial became a direct wholly-owned subsidiary of Benefit Master, and Dongguan Karrie, a direct wholly-owned subsidiary of Castfast Industrial, became an indirect wholly-owned subsidiary of Benefit Master.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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*(ii) Non-voting deferred shares*

Immediately before the Reorganisation, Karrie Industrial beneficially owned the 1,000 non-voting deferred shares of Castfast Industrial amongst which, one non-voting deferred share in Castfast Industrial was owned through Mr. Ho Cheuk Fai, our Controlling Shareholder, pursuant to a declaration of trust executed by Mr. Ho Cheuk Fai as trustee and Karrie Industrial as beneficiary dated 1 April 1991, whereby Mr. Ho Cheuk Fai held one non-voting deferred share in Castfast Industrial on trust for Karrie Industrial. On 21 August 2020, at the request of Karrie Industrial, Mr. Ho Cheuk Fai executed an instrument of transfer in favour of Karrie Industrial, pursuant to which Mr. Ho Cheuk Fai transferred the legal ownership of his one non-voting deferred share in Castfast Industrial to Karrie Industrial. Accordingly, the above trust arrangement is terminated.

On 21 August 2020, Karrie Industrial transferred 1,000 non-voting deferred shares of Castfast Industrial (being all the issued non-voting deferred shares in Castfast Industrial) to Karrie International BVI for a total consideration of HK\$1.00. Accordingly, all the issued non-voting deferred shares in Castfast Industrial are owned by Karrie International BVI.

On 21 August 2020, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI, Karrie International BVI transferred 1,000 non-voting deferred shares of Castfast Industrial (being all the issued non-voting deferred shares in Castfast Industrial) to Benefit Master. Accordingly, all the issued non-voting deferred shares in Castfast Industrial are owned by Benefit Master.

The above transfers have been properly and legally completed and settled.

### ***Kwong Hing***

*(i) Ordinary shares*

On 14 August 2020, as part of the Reorganisation, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI, Karrie International BVI transferred ten ordinary shares of Kwong Hing (being all the issued ordinary shares in Kwong Hing) to Benefit Master. Accordingly, Kwong Hing became a direct wholly-owned subsidiary of Benefit Master.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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*(ii) Non-voting deferred shares*

Immediately before the Reorganisation, Karrie Industrial beneficially owned the 125,001 non-voting deferred shares of Kwong Hing amongst which, one non-voting deferred share in Kwong Hing was owned through Mr. Ho Cheuk Fai, our Controlling Shareholder, pursuant to a declaration of trust executed by Mr. Ho Cheuk Fai as trustee and Karrie Industrial as beneficiary dated 1 December 1997, whereby Mr. Ho Cheuk Fai held one non-voting deferred share in Kwong Hing on trust for Karrie Industrial. On 21 August 2020, at the request of Karrie Industrial, Mr. Ho Cheuk Fai executed an instrument of transfer in favour of Karrie Industrial, pursuant to which Mr. Ho Cheuk Fai transferred the legal ownership of his one non-voting deferred share in Kwong Hing to Karrie Industrial. Accordingly, the above trust arrangement is terminated.

On 21 August 2020, Karrie Industrial transferred 125,001 non-voting deferred shares of Kwong Hing (being all the issued non-voting deferred shares in Kwong Hing) to Karrie International BVI for a total consideration of HK\$1.00. Accordingly, all the issued non-voting deferred shares in Kwong Hing are owned by Karrie International BVI.

On 21 August 2020, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI, Karrie International BVI transferred 125,001 non-voting deferred shares (being all the issued non-voting deferred shares in Kwong Hing) to Benefit Master. Accordingly, all the issued non-voting deferred shares in Kwong Hing are owned by Benefit Master.

The above transfers have been properly and legally completed and settled.

### ***Karrie Properties***

*(i) Ordinary shares*

On 13 August 2020, as part of the Reorganisation, Karrie International BVI transferred ten ordinary shares of Karrie Properties (being all the issued ordinary shares in Karrie Properties) to Benefit Master for a total consideration of HK\$10.00. Accordingly, Karrie Properties became a direct wholly-owned subsidiary of Benefit Master.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### *(ii) Non-voting deferred shares*

On 21 August 2020, each of Mr. Ho Cheuk Fai and Ms. Ho Po Chu transferred his/her respective legal and beneficial ownership of one non-voting deferred share (the aggregate of two non-voting deferred shares represent all the issued non-voting deferred shares in Karrie Properties) in Karrie Properties to Benefit Master for a consideration of HK\$1.00 each. Accordingly, all issued non-voting deferred shares in Karrie Properties are owned by Benefit Master.

The above transfers have been properly and legally completed and settled.

### ***Kar Gain***

On 14 August 2020, as part of the Reorganisation, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI, Karrie International BVI transferred 100% interest in Kar Gain to Benefit Master. Accordingly, Kar Gain became a direct wholly-owned subsidiary of Benefit Master, and Boluo Jiayingli became an indirect wholly-owned subsidiary of Benefit Master. Such transfer has been properly and legally completed and settled.

### ***Kar York***

On 14 August 2020, as part of the Reorganisation, in consideration of one consideration share issued and allotted by Benefit Master to Karrie International BVI, Karrie International BVI transferred 100% interest in Kar York to Benefit Master. Accordingly, Kar York became a direct wholly-owned subsidiary of Benefit Master, and Dongguan Wansheng became an indirect wholly-owned subsidiary of Benefit Master. Such transfer has been properly and legally completed and settled.

### **Incorporation of our Company**

On 2 September 2020, our Company was incorporated in the Cayman Islands with limited liability with an authorised share capital of HK\$380,000 divided into 3,800,000 Shares of HK\$0.1 each, of which one Share was allotted and issued as fully paid to the initial subscriber at par. On the same date, as part of the Reorganisation, the one Share held by the initial subscriber was transferred to Karrie International at the consideration of HK\$0.1. The said transfer was legally completed on the same date. Upon completion of the said transfer, our Company became a wholly-owned subsidiary of Karrie International.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Disposal of Dongguan City Jiali**

On 4 September 2020, as part of the Reorganisation, Dongguan Jiahui disposed of its entire equity interest in Dongguan City Jiali and Dongguan Fenggang Caston acquired the entire equity interest in Dongguan City Jiali at nil consideration, as the registered capital of Dongguan City Jiali had not been paid up. Accordingly, Dongguan City Jiali became a direct wholly-owned subsidiary of Dongguan Fenggang Caston and is part of the Karrie International BVI Remaining Group. Immediately before the disposal, Dongguan City Jiali had no material operations and our Group disposed of Dongguan City Jiali to streamline its corporate structure and focus on its principal business. As advised by our PRC Legal Advisors, the disposal was properly and legally completed and all applicable regulatory approval in the PRC had been obtained.

Dongguan City Jiali was established in the PRC on 5 February 2018 as a limited liability company. As at the date of establishment, it was wholly-owned by Dongguan Jiahui.

The above disposal has been properly and legally completed and settled.

### **Transfer of interest in Kar King to Benefit Master**

On 20 January 2021, Super Top Idea Limited, a wholly-owned subsidiary of the Karrie International, transferred 100% interest in Kar King to Benefit Master at the nominal consideration of HK\$1.00. Accordingly, Kar King became a direct wholly-owned subsidiary of Benefit Master. Such transfer has been properly and legally completed and settled.

### **Setting up of Dongguan Jiading, KRP Development, Foshan City Jianuo, Dongguan Jiafeng and Dongguan Jiazhan**

#### *Establishment of Dongguan Jiading*

On 11 May 2021, Dongguan Jiading was established in the PRC with limited liability by Kar King and became an indirect wholly-owned subsidiary of Benefit Master.

#### *Setting up of KRP Development*

On 9 June 2021, KRP Development was incorporated in Hong Kong. On the same day, Benefit Master acquired 100% interest in KRP Development. Accordingly, KRP Development became a direct wholly-owned subsidiary of Benefit Master.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### *Establishment of Dongguan Jiafeng*

On 4 July 2021, Dongguan Jiafeng was established in the PRC with limited liability by Castfast Industrial and became an indirect wholly-owned subsidiary of Benefit Master.

### *Establishment of Foshan City Jianuo*

On 5 July 2021, Foshan City Jianuo was established in the PRC with limited liability and became an indirect non wholly-owned subsidiary of Benefit Master. Foshan City Jianuo was owned as to 95% by Dongguan Jiading and 5% by an independent third party, namely Foshan Yuheng Real Estate Investment Co., Ltd.\* (佛山市譽衡房地產投資有限公司), which is a company established in the PRC with limited liability.

### *Establishment of Dongguan Jiazhan*

On 30 September 2021, Dongguan Jiazhan was established in the PRC with limited liability by KRP Development and became an indirect wholly-owned subsidiary of Benefit Master.

### **Corporate Division of Dongguan City Jiaxuntong**

Prior to the Corporate Division, Dongguan City Jiaxuntong was a direct wholly-owned subsidiary of Kar Info Property, which was in turn wholly-owned by Mr. Ho Cheuk Fai. On 26 November 2021, Dongguan City Jiaxuntong underwent the Corporate Division to divide into two companies with limited liability, pursuant to which the subsisting company, i.e. Phase 3 Project Company, will continue to carry out the operation of Phase 3 of Castfast Villas, whereas a new company namely Dongguan Jiale Enterprise Development Company Limited\* (東莞嘉樂企業發展有限公司) (the “**New Entity**”) will carry out other businesses related to non-residential property development. After the Corporate Division, the Phase 3 Project Company would no longer be liable for any potential liabilities of the predecessor company in relation to non-residential property development business. As advised by the PRC Legal Advisors, all applicable regulatory approvals under PRC laws have been obtained.

Following the Corporate Division but prior to the transfer as detailed in the paragraph headed “— Transfer of interest in Phase 3 Project Company to KRP Development” in this section below, both Phase 3 Project Company and the New Entity were directly wholly-owned by Kar Info Property, which were in turn wholly-owned by Mr. Ho Cheuk Fai. For further details of the Corporate Division, please refer to circular of Karrie International dated 31 January 2022.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Transfer of interest in Kar Info International to Benefit Master**

Kar Info International is a company incorporated in the BVI with limited liability and an investment holding company with no operations. Prior to the transfer, Kar Info International was wholly-owned by Mr. Ho Cheuk Fai.

On 7 March 2022, Mr. Ho Cheuk Fai transferred 100% interest in Kar Info International to Benefit Master at a nominal consideration of US\$100.00. The consideration was agreed after arm’s length negotiations between Benefit Master and Mr. Ho Cheuk Fai on normal commercial terms, taking into consideration that Kar Info International is an investment holding company with no operations, it did not hold any other investment or business at the time of the transfer, and that the nominal consideration reflects the value of its entire issued share capital. Accordingly, Kar Info International became a direct wholly-owned subsidiary of Benefit Master. Such transfer has been properly and legally completed and settled.

The transfer of interest in Kar Info International and the transfer as detailed in the paragraph headed “— Transfer of interest in Phase 3 Project Company to KRP Development” in this section below were inter-conditional and they are part of the steps of the Reorganisation. For further details of the transfer, please refer to the circular of Karrie International dated 31 January 2022 and the announcement of Karrie International dated 9 March 2022.

### **Transfer of interest in Phase 3 Project Company to KRP Development**

Following the Corporate Division as detailed in the paragraph headed “— Corporate Division of Dongguan City Jiaxuntong” in this section above, the Phase 3 Project Company was directly wholly-owned by Kar Info Property, which was in turn wholly-owned by Mr. Ho Cheuk Fai prior to the transfer.

On 8 March 2022, Kar Info Property transferred 100% equity interest in Phase 3 Project Company to KRP Development at a consideration of RMB38 million, which was agreed after arm’s length negotiations between the parties on normal commercial terms having taken into consideration various factors, including but not limited to the followings:

- (i) an equity valuation report prepared by an independent valuer, which has already taken into account the fair value of the property interests of the Phase 3 Project Company as at 30 September 2021;

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (ii) the debt liabilities of the New Entity (following completion of the Corporate Division) owed to the Phase 3 Project Company to be assumed by KRP Development in the amount of approximately RMB276.3 million;
- (iii) a consideration discount of approximately 4.3% as agreed by the parties as a time value discount for the unsold portions of the residential properties of Phase 3 of Castfast Villas as at 30 September 2021 and after commercial negotiations between the parties; and
- (iv) the potential benefits to be derived from such transfer.

Accordingly, Phase 3 Project Company became a direct wholly-owned subsidiary of KRP Development; and the New Entity remains to be direct wholly-owned by Kar Info Property, which is in turn wholly-owned by Mr. Ho Cheuk Fai. As advised by our PRC Legal Advisors, the transfer was properly and legally completed and all applicable regulatory approval in the PRC had been obtained.

As Phase 3 Project Company is the holder and owns the legal title of Phase 3 of Castfast Villas and Kar Info International was a party to the Joint Operation Agreement (as defined in the Business section in this listing document), the above transfers would enable the Group to consolidate its management over the various phases of Castfast Villas to achieve operational and management efficiency.

The transfer of interest in Phase 3 Project Company and the transfer as detailed in the paragraph headed “— Transfer of interest in Kar Info International to Benefit Master” in this section above were inter-conditional and they are part of the steps of the Reorganisation. For further details of the transfer, please refer to the circular of Karrie International dated 31 January 2022 and the announcement of Karrie International dated 9 March 2022.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Distribution in specie by Karrie International BVI**

On 8 March 2022, as part of the Reorganisation, Karrie International BVI declared a conditional special interim dividend satisfied by way of a distribution in specie of its entire shareholding in Benefit Master to our Company as per the instruction of Karrie International, which is the sole shareholder of Karrie International BVI. In consideration for Karrie International directing Karrie International BVI to distribute in specie of its entire shareholding in Benefit Master to our Company, our Company issued one Share to Karrie International. Upon completion of the distribution, Karrie International BVI ceased to be the shareholder of Benefit Master. Accordingly, Benefit Master became a direct wholly-owned subsidiary of our Company and each of Massive Era, Kar Info International, Gold Praiseworthy, Abundant Tech, KRP Development, Castfast Industrial, Kwong Hing, Karrie Properties, Kar Gain, Kar York, Kar King, Gold Praiseworthy Wedding, Phase 3 Project Company, Dongguan Jiazhen, Dongguan Karrie, Dongguan Jiafeng, Boluo Jiayingli, Dongguan Wansheng, Dongguan Jiading, Dongguan Jiahui and Dongguan City Jiahao became an indirect wholly-owned subsidiary of our Company; and Foshan City Jianuo became an indirect non wholly-owned subsidiary of our Company.

### **Loan Capitalisation**

On 8 March 2022, in consideration of one consideration Share issued and allotted by our Company to Karrie International, the amount due from our Group to the Remaining Group in the amount of RMB374.4 million was capitalised. Accordingly, such amounts due from our Group to the Remaining Group were released.

### **Establishment of Foshan Jiazhen and Foshan Jiahe**

On 9 March 2022, Foshan Jiazhen was established in the PRC with limited liability by Dongguan Karrie and became an indirect wholly-owned subsidiary of Benefit Master.

On 11 March 2022, Foshan Jiahe was established in the PRC with limited liability by Foshan Jiazhen and became an indirect wholly-owned subsidiary of Benefit Master.

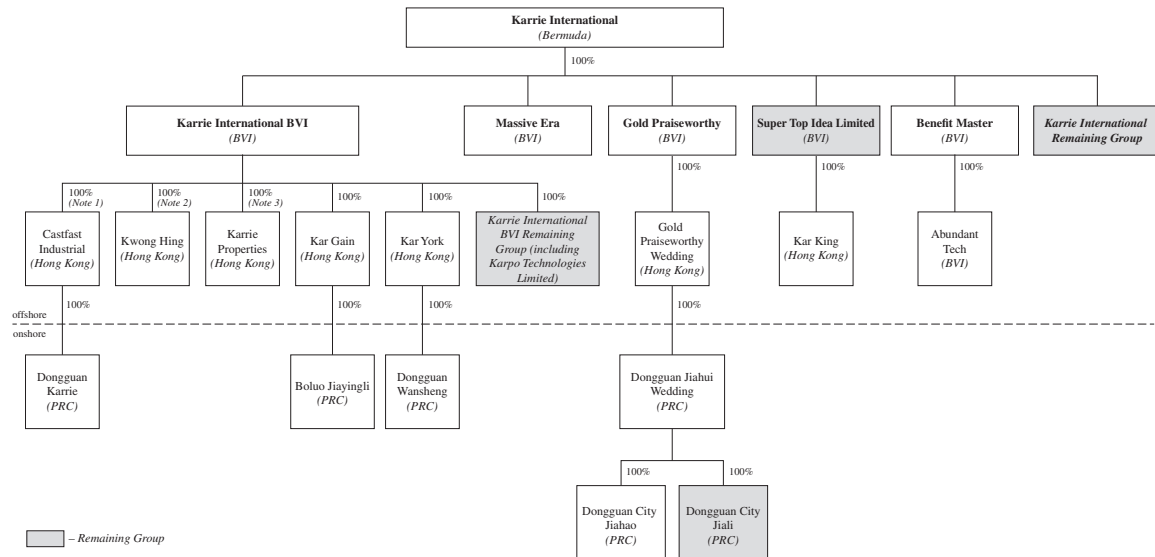
### **Share Subdivision**

On 22 March 2022, each of the issued and unissued shares of HK\$0.1 in the share capital of our Company was subdivided into ten Shares of HK\$0.01 each. As a result, the authorised share capital of our Company shall be HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### REORGANISATION

The following chart shows the shareholding structure of our Group immediately prior to the Reorganisation and the Spin-off.

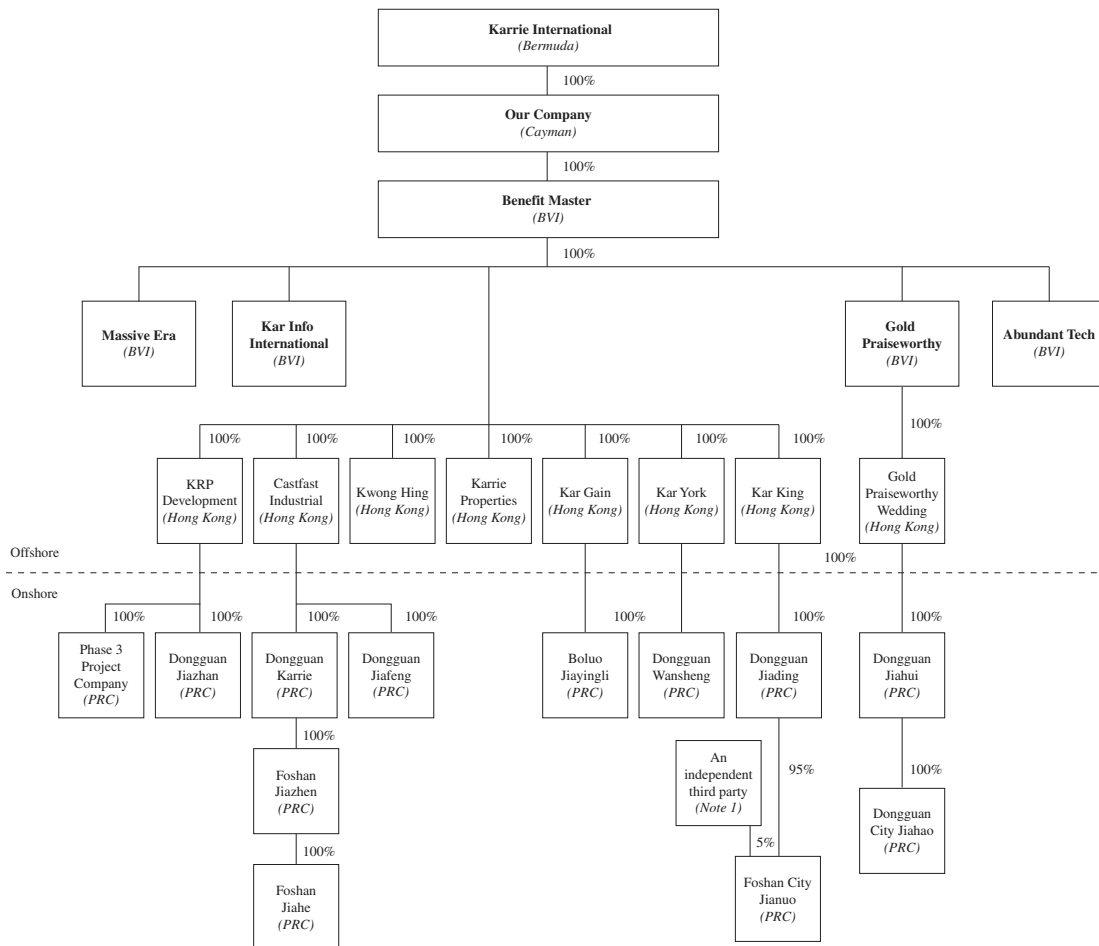


#### Notes:

1. Prior to the Reorganisation, Mr. Ho Cheuk Fai held 10% of the issued share in Castfast Industrial on trust in favour of Karrie International BVI pursuant to a declaration of trust dated 3 December 1997. Accordingly, Karrie International BVI beneficially owned in aggregate the entire issued shares of Castfast Industrial.
2. Prior to the Reorganisation, Mr. Ho Cheuk Fai held 10% of the issued share in Kwong Hing on trust in favour of Karrie International BVI pursuant to a declaration of trust dated 3 December 1997. Accordingly, Karrie International BVI beneficially owned in aggregate the entire issued shares of Kwong Hing.
3. Prior to the Reorganisation, Mr. Ho Cheuk Fai held 10% of the issued share in Karrie Properties on trust in favour of Karrie International BVI pursuant to a declaration of trust dated 3 December 1997. Accordingly, Karrie International BVI beneficially owned in aggregate the entire issued shares of Karrie Properties.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to completion of the Distribution and the Spin-off.



Note:

- 5% of equity interest in Foshan City Jianuo was owned by an independent third party, namely Foshan Yuheng Real Estate Investment Co., Ltd.\* (佛山市譽衡房地產投資有限公司), which is a company established in the PRC with limited liability.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### THE DISTRIBUTION AND THE SPIN-OFF

On 13 April 2022, the authorised share capital of our Company increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$[REDACTED] divided into [REDACTED] Shares of HK\$0.01 each by the creation of an additional [REDACTED] new Shares of HK\$0.01 each. The Karrie International Board will declare a conditional special interim dividend to be satisfied by way of the Distribution. On the Distribution Record Date, Karrie International will subscribe for such number of Shares which, together with the existing Shares in issue, equal to [REDACTED] of the number of Karrie International Shares in issue as at the Distribution Record Date, at the subscription price of HK\$0.01 each. Immediately prior to completion of the Spin-off, our Company will allot and issue such number of new Shares as will ultimately enable Karrie International to effect the Distribution on the basis of one Share for every [REDACTED] Karrie International Shares held as at the Distribution Record Date.

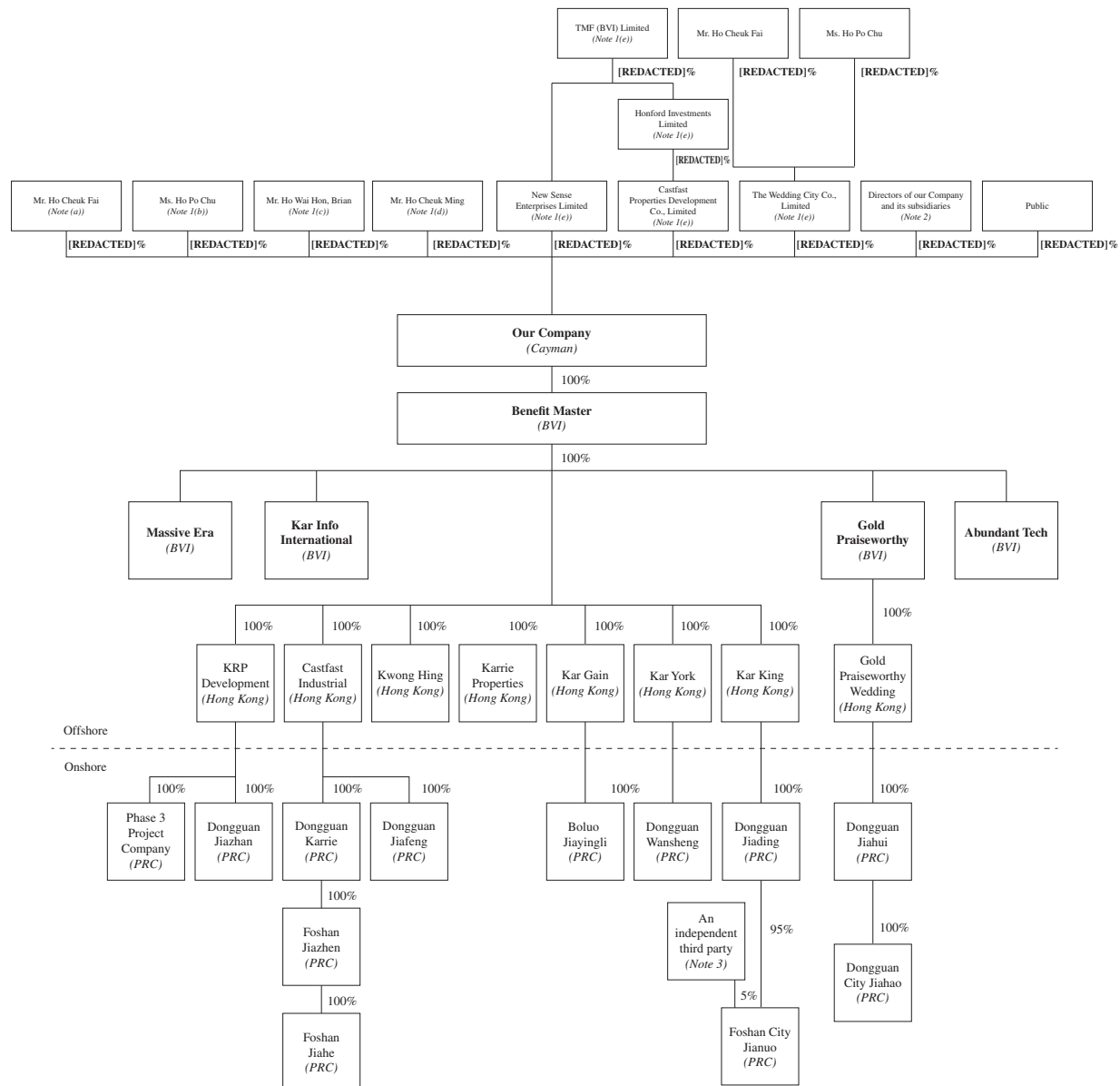
Upon completion of the above steps, assuming the shareholding of Karrie International as at the Latest Practicable Date remains unchanged on the Distribution Record Date, [REDACTED] Shares held by Karrie International will be the subject of the Distribution, which shall be distributed to (i) the Qualifying Karrie International Shareholders on the basis of one Share for every [REDACTED] Karrie International Shares held as at the Distribution Record Date; and (ii) a nominee selected by the Karrie International Board who will sell such Shares for and on behalf of the Excluded Karrie International Shareholders. For details of the Distribution, please refer to the section headed “The Distribution and Spin-off” in this listing document.

Upon completion of the Spin-off and the Distribution, Karrie International will cease to be the shareholder of our Company.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Assuming there is no change in the shareholding in Karrie International from the shareholding as at the Latest Practicable Date, the following chart sets out the shareholding and corporate structure of our Group immediately after completion of the Spin-off but without taking into account the exercise of any options which may be granted under the Share Option Scheme.



**Notes:**

- The shareholdings of Mr. Ho Cheuk Fai and his associates comprise the personal, family and corporate interests of Mr. Ho Cheuk Fai as follows:
  - Mr. Ho Cheuk Fai’s personal interest consists of [REDACTED] Shares.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (b) Mr. Ho Cheuk Fai is deemed to be interested in [REDACTED] Shares held by his spouse, Ms. Ho Po Chu, as beneficial owner.
- (c) [REDACTED] Shares held by Mr. Ho Wai Hon, Brian, the son of Mr. Ho Cheuk Fai, as beneficial owner.
- (d) [REDACTED] Shares held by, Mr. Ho Cheuk Ming, the brother of Mr. Ho Cheuk Fai, as beneficial owner.

None of Mr. Ho Cheuk Fai, Mr. Ho Cheuk Ming or Mr. Ho Wai Hon, Brian hold their interests through a common investment holding company.

- (e) Mr. Ho Cheuk Fai’s corporate interest consists of [REDACTED] Shares, which comprised (i) [REDACTED] Shares held by New Sense Enterprises Limited (“**New Sense**”); and (ii) [REDACTED] Shares held by Castfast Properties Development Co., Limited (“**Castfast Properties**”), [REDACTED] of the issued share capital of which is beneficially owned by Honford Investments Limited (“**Honford Investments**”). New Sense and Honford Investments are each wholly-owned by TMF (BVI) Limited (“**TMF**”) as trustee for a discretionary trust, The Ho Family Trust, and (iii) [REDACTED] Shares held by The Wedding City Co., Limited (“**The Wedding City**”), [REDACTED] and [REDACTED] of the issued share capital of which is beneficially owned by Mr. Ho Cheuk Fai and Ms. Ho Po Chu, respectively. Mr. Ho Cheuk Fai is deemed to be interested in the [REDACTED] Shares in (i) and (ii) as founder of The Ho Family Trust and in [REDACTED] Shares in (iii) through The Wedding City. Ms. Ho Po Chu and Mr. Ho Cheuk Ming are the discretionary objects of The Ho Family Trust and are thus deemed to be interested in the [REDACTED] Shares held under The Ho Family Trust. Therefore, the interests of Mr. Ho Cheuk Fai, Ms. Ho Po Chu and Mr. Ho Cheuk Ming in the [REDACTED] Shares duplicate with each other.
2. This involves the aggregate personal interests of approximately [REDACTED] owned by Mr. Ho Man Chung, Ms. Yiu Yuet Fung, Mr. Choi Wai Hin, Mr. Wong Ho Kwan, Mr. Tang Sing Yip, Ms. Hu Chunxian (胡春嫻), and Mr. Zhang Wenfeng (張文豐), who are directors of our Company and its subsidiaries, respectively.
  3. 5% of equity interest in Foshan City Jianuo was owned by an independent third party, namely Foshan Yuheng Real Estate Investment Co., Ltd.\* (佛山市譽衡房地產投資有限公司), which is a company established in the PRC with limited liability.
  4. The shareholding structure of our Company as set out in this diagram is assuming there is no change in the shareholding structure in Karrie International since the Latest Practicable Date of the listing documents.