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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

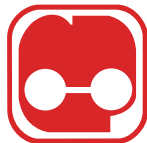
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional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

**If you have sold or transferred** all your shares in **Carrianna Group Holdings Company Limited** (the “**Company**”), you should at once hand this circular 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 the transferee.

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

**MAJOR TRANSACTION IN RELATION TO  
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN  
YIYANG CARRIANNA INTERNATIONAL  
HOTEL MANAGEMENT COMPANY LIMITED<sup>#</sup>**

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A letter from the Board is set out on pages 4 to 16 of this circular.

The Sale and Purchase Agreement, the Disposal and the transactions contemplated respectively thereunder have been approved by a written shareholder's approval obtained from Mr. Ma Kai Cheung, Mr. Ma Kai Yum, Regent World Investments Limited and Grand Wealth Investments Limited collectively, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

This circular will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” for at least 7 days from the date of its publication and on the website of the Company at [www.carrianna.com](http://www.carrianna.com).

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## DEFINITIONS

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

|                      |  |
|----------------------|--|
| “Board”              | the board of the Company   |
| “Business Day”       | a day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC  |
| “Carrianna (Foshan)” | 佳寧娜(佛山)企業有限公司 (Carrianna (Foshan) Enterprise Co., Ltd. <sup>#</sup> ), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company   |
| “Carrianna (HK)”     | Carrianna Chinese Food (Hong Kong) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company   |
| “Company”            | Carrianna Group Holdings Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 126)                                    |
| “Consideration”      | the consideration for the Disposal   |
| “Completion”         | completion of the Disposal   |
| “Completion Date”    | date of Completion   |
| “Debts”              | the debts in the aggregate sum of RMB187 million (equivalent to approximately HK\$201.7 million) owed by the Disposal Company to the subsidiaries of the Company as at the date of the Sale and Purchase Agreement                     |
| “Disposal”           | the disposal of the Sale Equity Interest   |
| “Disposal Company”   | 益陽佳寧娜國際酒店管理有限公司 (Yiyang Carrianna International Hotel Management Company Limited <sup>#</sup> ), a company established in the PRC with limited liability and is owned as to 90% by Carrianna (HK) and as to 10% by Yiyang Shi Yinxiang |
| “Director(s)”        | the director(s) of the Company   |
| “Group”              | the Company and its subsidiaries   |

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## DEFINITIONS

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|                                |  |
|--------------------------------|--|
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “HK\$”                         | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Independent Third Party(ies)” | individual(s) or company(ies) which is/are independent of and not connected with the Company and its connected persons (within the meaning of the Listing Rules)   |
| “Latest Practicable Date”      | 13 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                          | the People’s Republic of China   |
| “Property”                     | the land use right of the land of 34,489.59 square metres located at Yiyang, Hunan Province, PRC and buildings on the land with the gross floor area of 48,807.43 square metres which include a temporary staff accommodation structure with gross floor area of 4,420 square metres |
| “Purchaser”                    | 益陽半島酒店管理有限公司 (Yiyang Bandao Hotel Management Company Limited <sup>#</sup> ), a company established in the PRC with limited liability   |
| “RMB”                          | Renminbi, the lawful currency of the PRC   |
| “Sale and Purchase Agreement”  | the agreement dated 26 April 2024 entered into among the Carrianna (HK), Carrianna (Foshan), the Purchaser, the Disposal Company and the Company in respect of the Disposal  |
| “Sale Equity Interest”         | the entire equity interest of the Disposal Company after the Capital Injection   |
| “SFO”                          | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)  |
| “Share(s)”                     | ordinary share(s) of HK\$0.10 each in the share capital of the Company   |

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## DEFINITIONS

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|--|---|
| “Shareholder(s)”                       | holder(s) of the Shares   |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited   |
| “Vendors”                              | together, Carrianna (HK) and Carrianna (Foshan)   |
| “Yiyang Carrianna International Hotel” | the hotel held and operated by the Disposal Company   |
| “Yiyang Shi Yinxiang”                  | 益陽市銀湘國有資產投資運營集團有限公司 (Yiyang Shi Yinxiang State Owned Assets Investment Operating Group Company Limited <sup>#</sup> ), a state-owned enterprise established in the PRC with limited liability |
| “%”                                    | per cent.   |

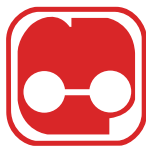
In this circular, amounts in RMB are translated to HK\$ on the basis of RMB1=HK\$1.0786. The conversions are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at other rates or at all.

<sup>#</sup> for identification purposes only

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LETTER FROM THE BOARD

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00126)**

*Executive Directors:*

Mr. Ma Kai Cheung (*Honorary Chairman*)  
Mr. Ma Kai Yum (*Chairman*)  
Mr. Ma Hung Ming, John (*Vice-chairman*)  
Mr. Liang Rui  
Mr. Chan Francis Ping Kuen  
Mr. Ma Hung Man

*Independent non-executive Directors:*

Mr. Lo Ming Chi, Charles  
Mr. Wong See King  
Mr. Cheung Wah Fung, Christopher

*Registered office:*

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

*Principal Place of*

*Business in Hong Kong:*

26th Floor, Phase II  
Wyler Centre  
200 Tai Lin Pai Road  
Kwai Chung  
New Territories  
Hong Kong

18 June 2024

*To the Shareholders,*

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO  
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN  
YIYANG CARRIANNA INTERNATIONAL  
HOTEL MANAGEMENT COMPANY LIMITED<sup>#</sup>**

**INTRODUCTION**

On 26 April 2024, (after the trading hours of the Stock Exchange), Carrianna (HK) (being an indirect wholly-owned subsidiary of the Company) and Carrianna (Foshan) (being a direct wholly-owned subsidiary of the Company) as vendors, the Purchaser, the Disposal Company and the Company as guarantor entered into the Sale and Purchase Agreement in relation to the Disposal. Pursuant to the Sale and Purchase Agreement, the Vendors agreed to sell, and the

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## LETTER FROM THE BOARD

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Purchaser agreed to purchase, the Sale Equity Interest for an aggregate Consideration of RMB130 million (equivalent to approximately HK\$140.2 million) subject to the terms of the Sale and Purchase Agreement. As at the date of the Sale and Purchase Agreement and the Latest Practicable Date, the Disposal Company is held as to 90% by Carrianna (HK) and 10% by Yiyang Shi Yinxiang and the Disposal Company is indebted to the subsidiaries of the Company the Debts in the aggregate amount of RMB187 million (equivalent to approximately HK\$201.7 million) which was used for previous refurbishment of Yiyang Carrianna International Hotel and as working capital by the Disposal Company.

As set out in the Sale and Purchase Agreement for the sale and purchase of the Sale Equity Interest, subsequent to the receipt of the First Payment by Carrianna (Foshan), (i) Carrianna (Foshan) will acquire 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang; (ii) after Carrianna (Foshan) has acquired such 10% equity interest in the Disposal Company, Carrianna (Foshan) will inject capital in the amount of RMB187 million (equivalent to approximately HK\$201.7 million) which is equal to the amount of the Debts to the registered capital of the Disposal Company (the “**Capital Injection**”), thus resulting in a total registered capital of RMB287 million (equivalent to approximately HK\$309.6 million); and (iii) the Disposal Company will apply the amount of the Capital Injection to settle the Debts and enter into settlement agreements with the relevant subsidiaries of the Company.

The Group has entered into the Sale and Purchase Agreement prior to the acquisition of 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang as the Group had struggled to find a willing purchaser for the Disposal Company for a few years, and any delay in the entering into the Sale and Purchase Agreement may have caused the Group to lose its opportunity to dispose of the Disposal Company to the Purchaser. Moreover, the Group will receive RMB20 million within 5 Business Days from the date of the Sale and Purchase Agreement and such amount will be used to fund the acquisition of 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang and cover the costs for the novation or termination of the employment of the existing employees of the Disposal Company in the amount of RMB2.5 million, further details of which are set out in the section headed “Information of the Disposal Company” and the paragraph headed “Completion” in the section headed “The Disposal”.

### THE DISPOSAL

The principal terms of the Sale and Purchase Agreement are set out below:

- Date : 26 April 2024
- Parties : (1) Carrianna (HK);
- (2) Carrianna (Foshan);
- (3) the Purchaser;
- (4) the Disposal Company; and
- (5) the Company

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## LETTER FROM THE BOARD

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### Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendors agreed to sell, and the Purchaser agreed to purchase, the Sale Equity Interest representing the entire equity interest in the Disposal Company.

### Consideration

The aggregate Consideration for the Disposal is RMB130 million (equivalent to approximately HK\$140.2 million) which shall be apportioned as to RMB40,766,570 (equivalent to approximately HK\$43,970,820) to Carrianna (HK) and as to RMB89,233,430 to Carrianna (Foshan) (equivalent to approximately HK\$96,247,180) and payable in cash by the Purchaser in the following manner:

- (i) as to RMB20 million (equivalent to approximately HK\$21.6 million) (the “**First Payment**”) shall be payable by the Purchaser to Carrianna (Foshan) within 5 Business Days from the date of the Sale and Purchase Agreement;
- (ii) as to RMB106 million (equivalent to approximately HK\$114.3 million) (the “**Second Payment**”) in aggregate shall be payable by the Purchaser from the Joint Bank Account (as defined below) within 5 Business Days from the Completion, being before 20 October 2024, to (a) Carrianna (HK) in the amount of RMB40,766,570 (equivalent to approximately HK\$43,970,820); and to (b) Carrianna (Foshan) in the amount of RMB65,233,430 (equivalent to approximately HK\$70,360,780); and
- (iii) the remaining balance as to RMB4 million (equivalent to approximately HK\$4.3 million) shall be payable by the Purchaser to Carrianna (Foshan) within 5 Business Days after the Completion and the employment of all the existing employees of the Disposal Company having been novated or terminated before 20 October 2024.

Pursuant to the Sale and Purchase Agreement, the Purchaser shall pay RMB110 million (equivalent to approximately HK\$118.6 million) into a bank account (the “**Joint Bank Account**”) jointly maintained and operated by Carrianna (Foshan) and the Purchaser on or before 20 May 2024, provided that the ownership of the assets in such Joint Bank Account shall belong to the Purchaser.

The Consideration was determined based on arm’s length negotiations between the Vendors and the Purchaser having considered the unaudited book value of the Property of approximately RMB147 million as at 31 March 2024, the financial conditions and performance of the Disposal Company as set out in the section headed “Financial information of the Disposal Company” in this circular, the reasons for and benefits of the Disposal as set out in the section headed “Reasons for and benefits of the Disposal” in this circular and the factors set out in the paragraph below.



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## LETTER FROM THE BOARD

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The Board is of the view that the Consideration of RMB130 million for the Disposal is fair and reasonable taking into account the factors in the preceding paragraph and the following factors:

- (i) The Board has always considered disposing of the Disposal Company in light of its weak business prospects and financial position. The Disposal Company was in a loss-making position in both the years ended 31 March 2023 and 31 March 2024, recording a loss after taxation of RMB6.86 million and RMB5.82 million respectively. Furthermore, the accumulated loss of the Disposal Company as at 31 March 2024 since the Yiyang Carrianna International Hotel commenced operation in 2008 was approximately RMB135 million.
- (ii) The Yiyang Carrianna International Hotel commenced operation in 2008 and had only been refurbished in 2017. The Yiyang Carrianna International Hotel has lost its competitiveness in the market against newer, more modern and luxurious hotels in Yiyang City, Hunan Province, the PRC and will require major reinforcement and maintenance to its facilities and structure since its last refurbishment 7 years ago. The renovation, upgrading and construction costs of the Yiyang Carrianna International Hotel are estimated to be approximately RMB30 million which is disproportionate to the poor business prospects of the hotel, and there is no guarantee that such refurbishment will enhance the competitive edge of the Yiyang Carrianna International Hotel to turn it around into profit making in such a saturated market. It is therefore expected that the loss position of Yiyang Carrianna International Hotel will continue and worsen over time if there is no further investment for the refurbishment of Yiyang Carrianna International Hotel.
- (iii) The Group has used its best endeavours in the last few years to secure a purchaser for the Disposal Company and had been in discussions with several potential purchasers without avail as a result of the loss-making position and lack of competitive edge of the Yiyang Carrianna International Hotel coupled with the poor market sentiment in the PRC property market and the slump in the macroeconomic environment in the PRC. In particular, the PRC is experiencing the worst decline in the property market in recent years especially in the fourth tier cities like Yiyang, and thus the Group is of the view that there is currently no active market for property sales especially for such scale in the PRC and had found it difficult to ascertain a willing purchaser of the Disposal Company. The Group was ultimately only able to enter into definitive agreements with the Purchaser at the Consideration of RMB130 million after lengthy negotiations which was already the best term which could be secured by the Group in the buyer's market in the PRC.

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## LETTER FROM THE BOARD

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- (iv) The Group will be required to repay approximately HK\$155 million in loan principals and interests in the second half of 2024 for its bank borrowing with several financial institutions. In light of the high interest rates and interest repayment accrued on the loan principal amounts, the entering into of the Sale and Purchase Agreement for the Disposal is expected to save interest expenses of approximately RMB7 million to RMB8 million per year as a result of the reduction in the amount of bank loans required for the Group. Taking into account of the amount of the expected loss after taxation of the Disposal Company per year and the reduction of the interest expenses as mentioned above per year together, it is expected that after the Completion of the Disposal, the financial performance of the Group will be improved by an aggregate amount of approximately RMB13 million to RMB15 million per year. As such, the Board is of the view that the entering into of the Sale and Purchase Agreement would ensure that the Group will receive a portion of the Consideration sooner and utilise such proceeds for the settlement of debts and thereby reduce the gearing position of the Group and improve its cash position.

In light of the above and coupling the estimated reduction of loss and expenses of approximately RMB13 million to RMB15 million per year with the risk resulting from the declining property market in the PRC, the continued deterioration of the conditions of Yiyang Carrianna International Hotel, the expected renovation, upgrading and construction costs of Yiyang Carrianna International Hotel of approximately RMB30 million to be incurred by the Purchaser after completion of the Disposal and the need of the Group to repay approximately HK\$155 million in loan principals and interests in the second half of 2024 for its bank borrowing with several financial institutions, the Board considers that the Group should take this opportunity to realise its investment in the Disposal Company to recover approximately RMB111.9 million and reduce the loss and expenses of approximately RMB13 million to RMB15 million per year for the Group. The Board is therefore of the view that the Consideration of RMB130 million for the Disposal is fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **Completion**

Completion shall take place before 20 October 2024.

Completion is conditional upon the successful acquisition of 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang by Carrianna (Foshan). As at the Latest Practicable Date, such condition has not been fulfilled.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Group and the financial results of the Disposal Company will no longer be consolidated into those of the Group.

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## LETTER FROM THE BOARD

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Within 5 Business Days from Completion, the Vendors and the Purchaser shall complete the handover of the land, property, fixed assets and property owned by the hotel operated by the Disposal Company on an “as is” basis. Before the handover, all costs, taxes, operation risks of the Disposal Company, the risks in relation to property and assets, the liabilities and management responsibilities shall be borne by the Vendors, and all current assets (including cash, account receivables and other receivables) of the Disposal Company before the transfer of the Second Payment shall belong to the Vendors. After the handover and the management having been taken over by the representative of the Purchaser, all costs, taxes, operation risks of the Disposal Company, the risks in relation to property and assets, the liabilities and management responsibilities shall be borne by the Purchaser, and all revenue generated after the date of handover shall belong to the Purchaser.

All the operation agreements, sales agreements and supply agreements entered into by the Disposal Company with third parties shall be terminated prior to the Completion and all costs (if any) and responsibilities shall be borne by the Vendors. Lease agreements entered into with the Disposal Company may be terminated at the discretion of the Purchaser provided that the Vendors have received all such rental and deposit payments payable by the relevant tenants prior to the Completion. It is expected that no substantial costs will be incurred in the termination of the aforementioned agreements.

The Disposal Company may continue to use the corporate name “益陽佳寧娜國際酒店管理有限公司” (Yiyang Carrianna International Hotel Management Company Limited<sup>#</sup>) when dealing with external parties for an indefinite period of time after completion of the Disposal for transition purposes until the Purchaser has completed the name change procedures of the Disposal Company. The Disposal Company shall not use the trade name “佳寧娜 (Carrianna)” and trademark “佳寧娜” (*stylised design mark*) as the hotel logo, on hotel branded materials/products and for campaign purposes, but may continue to use the remainder stock of such products until the inventory has been depleted. The Disposal Company must not ruin the brand image and reputation of “佳寧娜”. The Board is of the view that such arrangement is in the interest of the Company and its shareholders as a whole as such arrangement is in place to ensure for a smooth transition following the completion of the Disposal in which the Purchaser has indicated that the Purchaser intends to change the name of the Disposal Company and rebrand the Yiyang Carrianna International Hotel after Completion. Whilst the Disposal Company may continue to use the aforementioned corporate name during the transition period, the Board considered that such an arrangement will not vastly affect the Group’s operations as the Yiyang Carrianna International Hotel only operates in Yiyang City, Hunan Province, the PRC. As at the Latest Practicable Date, there is no definitive date for the completion of the name change procedures.

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## LETTER FROM THE BOARD

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The Vendors shall be responsible for the novation or termination of the employment of the existing employees of the Disposal Company, and all costs and compensation in the estimated amount of approximately RMB2,500,000 (equivalent to approximately HK\$2,696,500) in relation to the same shall be borne by the Vendors. The rental payment for the period before the Completion Date received in respect of the leases (the “Leases”) of a banquet and a karaoke parlour in the Property shall belong to Carrianna (Foshan). The rental payment for the period on or after the Completion Date and the deposit payment received by Carrianna (Foshan) in respect of the Leases shall return to the Purchaser after the Second Payment has been transferred to the Vendors.

### **Termination**

If the Purchaser defaults in paying the Consideration in accordance with the terms of the Sale and Purchase Agreement, the Purchaser shall pay daily liquidated damages equivalent to 0.05% of the shortfall. If the default continues for more than 15 days, the Vendors shall be entitled to terminate the Sale and Purchase Agreement and the Purchaser shall pay to the Vendors liquidated damages in an amount of RMB3 million (equivalent to approximately HK\$3.2 million), and such other damages suffered by the Vendors. The aggregate amount of the liquidated damages shall not exceed RMB3 million (equivalent to approximately HK\$3.2 million).

If the Vendors default in transferring the entire equity interest in the Disposal Company before 20 October 2024, the Vendors shall pay daily liquidated damages equivalent to 0.05% of the Consideration. If the default continues for more than 15 days, the Purchaser shall be entitled to terminate the Sale and Purchase Agreement and the Vendors shall pay to the Purchaser liquidated damages in an amount of RMB3 million (equivalent to approximately HK\$3.2 million), refund all the Consideration received, and such other damages suffered by the Purchaser. The aggregate amount of the liquidated damages shall not exceed RMB3 million (equivalent to approximately HK\$3.2 million).

Following the entering into of the definitive agreement for the acquisition of 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang by Carrianna (Foshan), where the Purchaser fails to fulfil its obligations under the Sale and Purchase Agreement, the Purchaser shall remain liable for its default of the Sale and Purchase Agreement as set out above, but Carrianna (Foshan) shall not be obliged to refund the First Payment to the Purchaser. Where the Vendors fail to fulfil its obligations under the Sale and Purchase Agreement or transfer the Sale Equity Interest to a third party, the Vendors shall remain liable for its default of the Sale and Purchase Agreement as set out above and shall return to the Purchaser the First Payment amount and an additional amount equal to the First Payment amount.

### **INFORMATION OF THE PURCHASER**

The Purchaser is principally engaged in the hospitality business, and is owned as to 70% by Guo Xiaozhi, as to 10% by Chen Guoqing, as to 10% by He Hongzhi and as to 10% by Guo Zhibing.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### INFORMATION OF THE DISPOSAL COMPANY

As at the Latest Practicable Date, the entire equity interest of the Disposal Company is owned as to 90% by Carrianna (HK) and as to 10% by Yiyang Shi Yinxiang. Completion is subject to the acquisition by Carrianna (Foshan) of the 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang.

As at the Latest Practicable Date, no binding agreement has been entered into with Yiyang Shi Yinxiang in respect of the acquisition of 10% equity interest of the Disposal Company as Yiyang Shi Yinxiang is a state-owned enterprise in the PRC and thus additional time is required for Yiyang Shi Yinxiang to obtain the internal approval and other bureaucratic procedures required of state-owned enterprises. Based on the negotiations with Yiyang Shi Yinxiang, it is expected that the parties will enter into definitive agreement before the end of June 2024 and the consideration for the acquisition of 10% equity interest of the Disposal Company will be approximately RMB15 million (equivalent to approximately HK\$16.2 million). The Group expects that the completion of the acquisition of 10% equity interest of the Disposal Company will take place shortly after such definitive agreement has been entered into.

Yiyang Shi Yinxiang is a state-owned enterprise and a substantial shareholder of the Disposal Company holding 10% equity interest in the Disposal Company, and therefore a connected person of the Company at the subsidiary level. Further announcement will be made by the Company in respect of the proposed acquisition of 10% equity interest in the Disposal Company from Yiyang Shi Yinxiang as and when appropriate.

As at the Latest Practicable Date, the Disposal Company does not have any subsidiaries. The Disposal Company is principally engaged in the holding and operations of Yiyang Carrianna International Hotel. Its principal asset is the Property.

Yiyang Carrianna International Hotel is a hotel located at Zishan Road, Yiyang, Hunan Province, the PRC. It is in close proximity to the Provincial Government Building, Yiyang Olympic Park and Zishan Lake Golf Club. It is a four-star hotel jointly built by the Group and the State-owned Assets Supervision and Administration Commission of Yiyang and commenced operation in 2008. The hotel has 182 hotel rooms.

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## LETTER FROM THE BOARD

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### VALUATION

The valuation (the “**Valuation**”) of the Property of approximately RMB181,000,000 (equivalent to approximately HK\$195,226,600) as at 31 March 2024 (the “**Valuation Date**”) was prepared by an independent valuer, Roma Appraisals Limited (the “**Independent Valuer**”). The Independent Valuer adopted a market approach as at the Valuation Date for the Valuation.

The valuation adopted the market approach in which the value of the hotel was determined by the direct comparison approach assuming sales of the property in its existing state with the benefit of vacant possession and making reference to comparable hotel listing for sale of similar type and characteristics to the hotel in the relevant market. Appropriate adjustments were made on various aspects to reflect the difference between the subject hotel and the comparable hotel in arm’s length transactions.

The market approach was adopted as there are sufficient comparable hotels that could be identified in the market to facilitate a meaningful comparison and to form a reliable opinion of value. The valuation has been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

The valuation is prepared in compliance with the requirements set out in Chapter 5 of the Listing Rules and in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

With respect to the Independent Valuer, Mr. Frank F. Wong, a director of the Independent Valuer, is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 25 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 17 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Austria, Czech Republic, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan. The Independent Valuer possesses the requisite qualifications for conducting valuation for the Property.

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## LETTER FROM THE BOARD

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### FINANCIAL INFORMATION OF THE DISPOSAL COMPANY

Set out below is the financial information of the Disposal Company for the two years ended 31 March 2024:

|                      | <b>For the year<br/>ended<br/>31 March 2023</b> | <b>For the year<br/>ended<br/>31 March 2024</b> |
|----------------------|---|---|
|                      | <i>RMB'000</i>                                  | <i>RMB'000</i>                                  |
|                      | (Audited)                                       | (Unaudited)                                     |
| Revenue              | 3,237   | 4,266   |
| Loss before taxation | 6,862   | 5,820   |
| Loss after taxation  | 6,862   | 5,820   |

The Disposal Company had unaudited net liabilities of approximately RMB35.4 million (equivalent to approximately HK\$38.2 million) as at 31 March 2024. Assuming the Capital Injection being completed on 31 March 2024 and the unaudited book value of the Property as at 31 March 2024 being adjusted according to the Valuation, the Disposal Company would have adjusted unaudited net assets of approximately RMB184.6 million (equivalent to approximately HK\$199.1 million) as at 31 March 2024. The assets of the Disposal Company (including the Property) were accounted for as non-current assets held for sale as at 31 March 2024. According to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, an entity shall measure a non-current asset classified as held for sale at the lower of its carrying amount and fair value less costs to sell (HKFRS 5.15). As such, the adjusted unaudited net assets of approximately RMB184.6 million was derived based on the Valuation, representing the fair value of the net assets of the Disposal Company as at 31 March 2024.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

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

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## LETTER FROM THE BOARD

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Having considered (i) the unsatisfactory financial performance of the Disposal Company and loss position of approximately RMB6.86 million (equivalent to approximately HK\$7.40 million) and approximately RMB5.82 million (equivalent to approximately HK\$6.28 million) for the year ended 31 March 2023 and the year ended 31 March 2024 as set out in the section headed “Financial information of the Disposal Company” in this circular; and (ii) that substantial capital expenditure will be required for renovation of the hotel in order to improve its competitiveness and business performance, the Board considers that the Disposal is a good opportunity for the Group to realise its investment and allow the Group to focus on other profit making segments. Coupled with the slump in the property market and macroeconomic environment in the PRC, the Board is of the view that it is an optimal time for the Group to conduct the Disposal and reduce its debts and interest expenses.

By reason of the above and especially as a result of (i) the damp market sentiments in the PRC property market causing difficulties in ascertaining willing purchasers; (ii) the prolonged loss-making position of the Disposal Company; (iii) the lack of competitive edge of the Yiyang Carrianna International Hotel and the large expenses required for its refurbishment; and (iv) the need to repay the loans and accrued interests in the second half of 2024 and to lower the gearing ratio of the Group and improve its cash position, the Board is of the view that the terms of Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited financial statements of the Disposal Company for the year ended 31 March 2024, the loss on the Disposal is estimated to be approximately RMB11 million (equivalent to approximately HK\$11.9 million), which is calculated with reference to the Consideration of RMB130 million (equivalent to approximately HK\$140.2 million) for the Disposal (i) deducting the adjusted unaudited net assets of the Disposal Company as at 31 March 2024 (without adjustments based on the Valuation) of approximately RMB151.6 million (equivalent to approximately HK\$163.5 million) after the Capital Injection which represents the carrying amount of the net assets of the Disposal Company as at 31 March 2024 and was used in accordance with HKFRS 5, to compare with the Consideration, as the fair value less costs to sell is higher than the carrying amount; (ii) adding the release of the exchange fluctuation reserve of HK\$14.8 million (equivalent to approximately RMB13.7 million) as the Disposal Company is a foreign operation of the Group as defined in HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and thus the exchange differences arising from the translation of the Disposal Company in the Group’s consolidated financial statements shall be recognised in other comprehensive income and reclassified from equity to profit or loss on disposal (HKAS21.32) upon the Disposal and (iii) deducting other relevant costs and expenses of approximately RMB3.1 million (equivalent to approximately HK\$3.4 million) to be incurred by the Group solely in relation to the Disposal.



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## **LETTER FROM THE BOARD**

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### **INTENDED USE OF PROCEEDS**

The net proceeds from the Disposal are estimated to be RMB111.9 million (equivalent to approximately HK\$120.7 million) after deducting the estimated consideration for the acquisition of 10% of the equity interest in the Disposal Company from Yiyang Shi Yinxiang and other relevant costs and expenses to be incurred by the Group.

The Company intends to apply the net proceeds from the Disposal, of approximately RMB111.9 million (equivalent to approximately HK\$120.7 million), as to (i) approximately RMB74.2 million (equivalent to approximately HK\$80 million) for settlement of debts of the Group which due dates fall between July and December 2024; and (ii) approximately RMB37.7 million (equivalent to approximately HK\$40.7 million) for general working capital of the Group, of which approximately RMB18.5 million (equivalent to approximately HK\$20 million) will be used for payment of salaries and approximately RMB19.2 million (equivalent to approximately HK\$20.7 million) will be used for materials procurement purposes.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal under Rule 14.07 of the Listing Rules exceeds 25% but all of the applicable percentage ratios are below 75%, the Disposal constitutes a major transaction on the part of the Company under the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **WRITTEN SHAREHOLDERS' APPROVAL**

Under Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no shareholder is required to abstain from voting if the issuer were to convene a general meeting to obtain such shareholders' approval; and (b) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal and the transactions contemplated thereunder and no Shareholder is required to abstain from voting in respect of the approval of the Sale and Purchase Agreement, the Disposal and the transactions contemplated respectively thereunder if the Company were to convene a general meeting. Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, the Company has received a written approval from Mr. Ma Kai Cheung, Mr. Ma Kai Yum, Regent World Investments Limited and Grand Wealth Investments Limited. As at the Latest Practicable Date, Mr. Ma Kai Cheung, Mr. Ma Kai Yum, Regent World Investments Limited and Grand Wealth Investments Limited own 361,283,986 Shares, 204,688,714 Shares, 184,121,625 Shares and 74,651,040 Shares respectively and 824,745,365 Shares in aggregate (representing approximately 52.49% of the total issued share capital of the Company) carrying rights to vote at a general meeting. Accordingly, no general meeting will be held by the Company for approving the Sale and Purchase Agreement, the Disposal and the transactions contemplated respectively thereunder. Mr. Ma Kai Cheung and Mr. Ma Kai Yum are brothers. Regent World Investments Limited is owned by a trust where Mr. Ma Kai Cheung is a beneficiary. Grand Wealth Investments Limited is owned by a trust where Mr. Ma Kai Yum is a beneficiary.

Yours faithfully,

By order of the Board

**Carrianna Group Holdings Company Limited**

**Mr. Ma Kai Yum**

*Chairman*

## 1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 March 2021 (page 84 to 259), 2022 (page 87 to 258) and 2023 (page 76 to 246), which are published on 22 July 2021, 27 July 2022 and 27 July 2023 respectively. The unaudited financial information of the Company are disclosed in the interim report of the Company for the six months ended 30 September 2023 (pages 3 to 24), which is published on 14 December 2023. The above mentioned financial information is available on the website of the Company at <http://www.carrianna.hk> and the website of the Stock Exchange at <http://www.hkexnews.hk>:

- (a) the annual report of the Company for the year ended 31 March 2021 in relation to the financial information of the Group for the same year  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0722/2021072200359.pdf>);
- (b) the annual report of the Company for the year ended 31 March 2022 in relation to the financial information of the Group for the same year  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0727/2022072700652.pdf>);
- (c) the annual report of the Company for the year ended 31 March 2023 in relation to the financial information of the Group for the same year  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700281.pdf>);  
and
- (d) the interim report (the “**Interim Report**”) for the six months ended 30 September 2023 published on 14 December 2023 in relation to the financial information of the Group for the same period  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1214/2023121400465.pdf>).

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness as summarised below:

- (i) secured bank borrowings of approximately HK\$1,603.7 million (being the aggregate outstanding amount relating to bank loans mainly consisted of term loan, revolving loan, mortgage loan, etc.) that were secured by the Group’s properties, plant and equipment, investment properties, time deposits and financial assets at fair value through profit or loss. The carrying amounts of the Group’s properties, plant and equipment, investment properties, time deposits and financial assets at fair value through profit or loss that were pledged as securities of the secured bank borrowings were approximately HK\$57.4 million, HK\$1,839.7 million, HK\$36.6 million and HK\$29.7 million respectively. The effective interest rates of the secured bank

borrowings range from 4.1% to 8.7% per annum. Corporate guarantees were provided by Carrianna Group Holdings Company Limited and certain subsidiaries in respect of the secured bank borrowings;

- (ii) unsecured bank borrowings of outstanding principal amount of approximately HK\$37.6 million. The effective interest rates of the unsecured bank borrowings range from 6.4% to 6.7% per annum. Corporate guarantees were provided by Carrianna Group Holdings Company Limited for certain unsecured bank borrowings;
- (iii) amounts due to non-controlling Shareholders of approximately HK\$38.5 million which is non-trade in nature, unsecured, interest-free and repayable on demand. No guarantees were provided for the amounts due to non-controlling Shareholders;
- (iv) lease liabilities of approximately HK\$91.1 million which had been recognised in the form of a financial liability as lease liabilities in the Group's financial statements in accordance with HKFRS 16 at 30 April 2024;
- (v) outstanding unsecured 6% coupon convertible bonds in the principal amount of approximately HK\$75.4 million. No guarantees were provided for the convertible bonds; and
- (vi) the Group had no material contingent liabilities as at 30 April 2024.

Save as aforesaid and normal trade and other payables in the ordinary course of business and apart from intra-group liabilities, as at the close of business on 30 April 2024, being the latest practicable date for determining indebtedness, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities, nor any authorised or otherwise created but unissued debt securities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, in the absence of any unforeseen circumstances and taking into account the estimated net proceeds from the Disposal, the internal resources of the Group, the Group's available banking facilities, and the expected financing and refinancing of certain bank loans, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

**4. MATERIAL ADVERSE CHANGE**

Save as disclosed in the Interim Report, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

With the lifting of COVID-19 pandemic restrictions and the re-opening of Hong Kong-Mainland borders, the economy is steadily recovering but the pace of recovery in the Hong Kong and Mainland markets is slower than initially expected. While there are still economic uncertainties-inflation, high interest rates, China's property market crisis, and geopolitical tensions with Russian-Ukrainian war and Israeli-Palestinian conflict, the global economic situation has become increasingly complex and the business environment is still challenging. The Group remains cautiously optimistic about the economic outlook for the coming year.

Management will continue to focus its business development in the Greater Bay Area. Management is of the view that demand and consumer spending will remain strong and sustainable in the area. The Group will leverage on its established branding and reputation of the "Carrianna" Chao Zhou and "Shun Yi" Shunde cuisine and will continue to expand its restaurant business steadily in the region. More "Carrianna" Chao Zhou and "Shun Yi" Shunde cuisine restaurants will be opened in the coming year.

On the property development side, the investment property portfolio in the Mainland and Hong Kong continues to provide steady income flow to the Group. While there was sluggishness of the Hong Kong property market, management believes that the limited land supply and strong end-user demand will continue to provide support to the residential property market in the long run. With the Hong Kong's property relaxation measures announced by the government at end of February 2024, the Group's 50% owned Haitan Street re-development project in Shum Shui Po has recorded a further sale of more than 50 residential units. Management is optimistic on the sale of the remaining residential units in the coming months.

Building on the solid foundation of the Group's food business and capacity of the production facilities, the Group will continue to expand its food business in the Mainland market. Besides the Carrianna mooncake, the bread production line of the advanced Hainan food factory is also in operation. The factory is also expected to produce packaged Hainan style food and Chinese style dry meat products. The Group will introduce more new products and elements in the sector. Management believes that food business will become the Group's another key driver of profitability and growth in the next few years.

The Group anticipates that the prevailing high interest rates will persist for a consideration duration, which has increased significantly operating costs of the Group. To mitigate that, the Group remains committed to implementing stringent cost control measures and enhancing workflow efficiency in its operations. The Group will keep monitoring the market situation and adjust its business strategies in response to market changes to increase its competitiveness and to sustain business growth in our operating markets in Hong Kong and Mainland.

*The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuations as at 31 March 2024 of all property interests of the Group.*



Rooms 1101-04, 11/F Harcourt House,  
39 Gloucester Road, Wan Chai, Hong Kong  
Tel (852) 2529 6878 Fax (852) 2529 6806  
E-mail info@romagroup.com  
<http://www.romagroup.com>

18 June 2024

**Carrianna Group Holdings Company Limited**

26/F, Wyler Centre Phase II  
200 Tai Lin Pai Road  
Kwai Chung, New Territories  
Hong Kong

Dear Sir/Madam,

**Re: Property Valuation for Carrianna Group Holdings Company Limited**

In accordance with your instructions for us to value the property held by Carrianna Group Holdings Company Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) located in the Hunan Province, the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries 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 as at Valuation Date (the “**31 March 2024**”) for the circular purpose of the Company dated 18 June 2024.

**1. BASIS OF VALUATION**

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

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

## **2. VALUATION METHODOLOGY**

### **The Income Approach**

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The discounted cash flow (DCF) method is the most fundamental and prominent method of the income approach. In applying the DCF method, the free cash flows of the subject asset in future years were determined from the net income after tax plus non-cash expenses, such as depreciation and amortization expenses, and after-tax interest expense; the result was then less non-cash incomes, investment in capital expenditure and investment in net working capital.

### **The Market Approach**

The property was valued by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable property sales transactions/asking of similar type and characteristics to the property as available in the relevant market. Appropriate adjustments were made on various aspects to reflect the difference between the subject property and the comparable property.

### **The Cost Approach**

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing the same or a substitute asset with equal utility as the subject asset.

Under the cost approach, the historical cost method measures the cost incurred throughout the development of the subject asset at the time it was developed. The replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset. The replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

### **The Selected Valuation Approach**

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



The Market Approach was adopted in this case because most of the important assumptions of the comparable listings/transactions were readily available. The Income Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The Cost Approach was not adopted because the value of the property is determined based on the cost of construction, and it does not consider the supply and demand of the market.

The market approach was considered to be the most appropriate valuation approach in the valuation.

The calculation details of the market value of the property was illustrated as follows:

|   |                    |
|---|--------------------|
| <b>Market Value:</b>                                      | <i>RMB</i>         |
| 182 hotel rooms, adopted the adjusted unit rate @994,728* | 181,040,461        |
| <b>Market Value of the property (rounded)</b>             | <b>181,000,000</b> |

\* We made reference to the room unit rate from relevant listing comparables and applied the adjustment on location, size, time, building condition and facilities.

### 3. TITLE INVESTIGATION

For the property in the PRC, we have been provided with copies of extracts of various title documents relating to the property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group's legal advisor, Shenzhen Office, Commerce & Finance Law Offices (通商律師事務所深圳分所) regarding the title of the property in the PRC. All documents have been used for reference only.

In valuing the property, we have relied on the advice given by the Group and its legal advisor that the Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

### 4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

**5. SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

**6. VALUATION CONSIDERATION**

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the Valuation Certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property nor for any expenses 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 outgoing of an onerous nature which could affect their values.

Our valuations are prepared in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

**7. REMARKS**

Unless otherwise stated, all monetary amounts stated in our valuation is in Renminbi (RMB).

Our Valuation Certificate is attached.

**8. INDEPENDENT CLAUSE**

We are independent from the Company and its subsidiaries (collectively, the “**Group**”) and their respective directors and controlling shareholders and that we do not have any direct or indirect material interest in the securities or assets of the Group, its connected persons, or any associate of the Group.

Yours faithfully,

For and on behalf of

**Roma Appraisals Limited**

**Frank F. Wong**

*BA (Business Admin in Acct/Econ) MSc (Real Est)*

*MRICS Registered Valuer MAusIMM ACIPHE*

**Director, Head of Property and Asset Valuation**

*Note: Mr. Frank F. Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 25 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 17 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Austria, Czech Republic, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan.*

## VALUATION CERTIFICATE

## Property held by the Group for investment in the PRC

| No.                   | Property  | Description and Tenure   | Particulars of Occupancy  | Market Value in Existing State as at 31 March 2024 |                |           |                       |  |                  |                  |       |                  |  |  |
|-----------------------|---|--|---|--|----------------|-----------|-----------------------|--|------------------|------------------|-------|------------------|--|--|
| 1.                    | Carrianna International Hotel located at No. 2 Zishan Road, Yiyang City, Hunan Province, the PRC<br>中國湖南省益陽市梓山路2號佳寧娜國際大酒店 | The property comprises a parcel of land with a total site area of approximately 34,489.59 sq.m., with a 7-storey hotel building and 3 ancillary facilities including conference areas and staff quarters erected thereon which was constructed in December 2008 and the latest renovation was in 2017. The hotel accommodates 182 hotel rooms, gym room, restaurants, conference rooms, multi-activities rooms and car parking facilities. | The property is operated by the Group as hotel use as at the date of valuation. | RMB181,000,000.                                    |                |           |                       |  |                  |                  |       |                  |  |  |
|                       |   | The Gross Floor Area (“GFA”) of the property is as follow:   |   |  |                |           |                       |  |                  |                  |       |                  |  |  |
|                       |   | <table border="1"> <thead> <tr> <th>Items</th> <th>GFA<br/>(sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hotel Building</td> <td>25,449.28</td> </tr> <tr> <td>Ancillary Facilities:</td> <td></td> </tr> <tr> <td>    Conference Areas</td> <td><u>18,938.15</u></td> </tr> <tr> <td>Total</td> <td><u>44,387.43</u></td> </tr> </tbody> </table>  | Items   | GFA<br>(sq.m.)                                     | Hotel Building | 25,449.28 | Ancillary Facilities: |  | Conference Areas | <u>18,938.15</u> | Total | <u>44,387.43</u> |  |  |
| Items                 | GFA<br>(sq.m.)  |  |   |  |                |           |                       |  |                  |                  |       |                  |  |  |
| Hotel Building        | 25,449.28   |  |   |  |                |           |                       |  |                  |                  |       |                  |  |  |
| Ancillary Facilities: |   |  |   |  |                |           |                       |  |                  |                  |       |                  |  |  |
| Conference Areas      | <u>18,938.15</u>  |  |   |  |                |           |                       |  |                  |                  |       |                  |  |  |
| Total                 | <u>44,387.43</u>  |  |   |  |                |           |                       |  |                  |                  |       |                  |  |  |
|                       |   | The land use rights of the property have been granted on 12 December 2008 for a term expiring on 11 November 2045 for commercial use.  |   |  |                |           |                       |  |                  |                  |       |                  |  |  |

## Notes:

- Pursuant to a State-owned Land Use Right Certificate, Yi Guo Yong (2008) Di No. D00296 issued by the People’s Government of Yiyang on 12 December 2008, the land use rights of the property with a site area of 34,489.59 sq.m. have been granted to 益陽佳寧娜國際酒店管理有限公司 (Yiyang Carrianna International Hotel Management Company Limited) (the “Carrianna”), a subsidiary of the Group, for a term expiring on 11 November 2045 for commercial use.

2. Pursuant to a Real Estate Title Certificates, Yi Fang Chan Zheng Chao Zi Di Nos.00116754 & 00116755, issued by the Yiyang Real Estate Management Bureau on 29 December 2008, the ownership of the property with a total GFA of 25,449.28 sq.m. and 18,938.15 sq.m. have been granted to the Carrianna for commercial service use.
3. For this valuation, we have identified and considered the following listing comparables for hotel uses situated in Hunan Province as at the Date of Valuation:
  - A hotel with 140 hotel rooms situated at Changsha City, Hunan Province (湖南省長沙市) with a GFA of approximately 11,000 sq.m. listed as at 19 April 2024 at a listing price of RMB150,000,000.
  - A hotel with 420 hotel rooms situated at Changsha City, Hunan Province (湖南省長沙市) with a GFA of approximately 44,494 sq.m. listed as at 19 April 2024 at a listing price of RMB530,000,000.
  - A hotel with 147 hotel rooms situated at Yongzhou City, Hunan Province (湖南省永州市) with a GFA of approximately 16,979 sq.m. listed as at 19 April 2024 at a listing price of RMB150,000,000.
4. The site inspection was performed by Ms. Wai Kwan Lam, Gloria, BSc (Hons) in Surveying, with about 4 years property valuation experience in the PRC in May 2024.
5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:
  - a. Carrianna is the legal owner of the State-owned Land Use Right Certificate Yi Guo Yong (2008) Di No. D00296 with the land area 34,489.59 sq.m., and the Real Estate Title Certificates Yi Fang Chan Zheng Chao Zi Di Nos.00116754 & 00116755 with the GFA 25,449.28 sq.m. and 18,938.15 sq.m. respectively.
  - b. Carrianna has a right to occupy, use, transfer, donate, lease or dispose the property with legal protection under the PRC law; and
  - c. The property has not been mortgaged, seized, limited by administration or limited from other registered information.

## 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

### (a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates 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 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 the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (“**Model Code**”) were as follows:

#### *Long position in Shares of the Company*

| Name of Director/<br>chief executive                     | Capacity/nature of interest   | Number of<br>Shares held/<br>interested in | Approximate<br>percentage of<br>shareholding<br>(Note 5) |
|--|---|--|--|
| Ma Kai Cheung<br>(“ <b>Mr. KC Ma</b> ”) (Note 1)         | Beneficial owner, interest of<br>spouse and beneficiary of<br>trust | 627,463,011                                | 39.93%   |
| Ma Kai Yum<br>(“ <b>Mr. KY Ma</b> ”) (Note 2)            | Beneficial owner, interest of<br>spouse and beneficiary of<br>trust | 309,089,754                                | 19.67%   |
| Ma Hung Ming, John<br>(“ <b>Mr. John Ma</b> ”) (Note 3)  | Beneficial owner  | 2,476,000                                  | 0.16%  |
| Chan Francis Ping Kuen<br>(“ <b>Mr. Chan</b> ”) (Note 4) | Beneficial owner  | 6,000,000                                  | 0.38%  |

## Notes

1. *Mr. KC Ma is interested in an aggregate of 627,463,011 Shares by virtue of the SFO. He is the beneficial owner of 361,283,986 Shares. Mr. KC Ma and his family are the objects of a discretionary trust which effectively owns the entire issued share capital of Regent World Investments Limited (“Regent World”) and 70% of the entire issued share capital of Bond Well Investments Limited (“Bond Well”). As at the Latest Practicable Date, Regent World owned 184,121,625 shares and Bond Well owned 75,007,400 shares of the Company. Mr. KC Ma is deemed under the SFO to be interested in the 7,050,000 Shares held by his spouse, Ms. Cheung Lin Kiu.*
2. *Mr. KY Ma is interested in an aggregate of 309,089,754 Shares by virtue of the SFO. He is the beneficial owner of 204,688,714 Shares. Mr. KY Ma and his family are the objects of a discretionary trust which effectively owns the entire issued share capital of Grand Wealth Investments Limited (“Grand Wealth”) and Peaceful World Limited (“Peaceful World”). As at the Latest Practicable Date, Grand Wealth owned 74,651,040 shares and Peaceful World owned 19,050,000 shares of the Company. Peaceful World owns the entire issued share capital of Real Potential Limited (“Real Potential”). As at the Latest Practicable Date, Real Potential owned 7,500,000 shares of the Company. The interests of Real Potential in the Company are therefore deemed to be the interests of Peaceful World in which Mr. KY Ma is also deemed to have interests in. Mr. KY Ma is deemed under the SFO to be interested in the 3,200,000 Shares held by his spouse, Ms. Kwok Kit Mei.*
3. *Mr. John Ma is interested in 476,000 Shares as beneficial owner and 2,000,000 underlying Shares pursuant to the share option scheme (the “Share Option Scheme”) of the Company adopted on 24 August 2015.*
4. *Mr. Chan is interested in 6,000,000 underlying Shares pursuant to the Share Option Scheme.*
5. *The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 1,571,359,420 Shares).*

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

**(b) Substantial Shareholders’ interests in the Company**

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

*Long position in Shares of the Company*

| Name of Shareholder                               | Capacity/<br>nature of interest     | Number of<br>Shares held/<br>interested in | Approximate<br>percentage of<br>shareholding<br>(Note 4) |
|---|-------------------------------------|--|--|
| East Asia International Trustees Limited (Note 1) | Trustee                             | 360,330,065                                | 22.93%   |
| Golden Yield Holdings Limited (Note 2)            | Interest in controlled corporations | 259,129,025                                | 16.49%   |
| Regent World Investments Limited (Note 2)         | Holding corporation                 | 184,121,625                                | 11.72%   |
| Wealthy Platform Limited (Note 3)                 | Interest in controlled corporations | 101,201,040                                | 6.44%  |
| Bond Well Investments Limited (Note 2)            | Holding corporation                 | 75,007,400                                 | 4.77%  |
| Grand Wealth Investments Limited (Note 3)         | Holding corporation                 | 74,651,040                                 | 4.75%  |

*Notes*

1. *East Asia International Trustees Limited (“EAIT”) is the trustee of a discretionary trust of which Mr. KC Ma and his family are the objects and through its wholly-owned subsidiary, Golden Yield Holdings Limited (“Golden Yield”), EAIT was indirectly interested in 259,129,025 Shares. EAIT is also the trustee of a discretionary trust of which Mr. KY Ma and his family are the objects and through its wholly-owned subsidiary, Wealthy Platform Limited (“Wealthy Platform”), EAIT was indirectly interested in 101,201,040 Shares. As at the Latest Practicable Date, EAIT was effectively interested in a total of 360,330,065 Shares.*
2. *Golden Yield owns the entire issued share capital of Regent World and 70% of the entire issued share capital of Bond Well, and was indirectly interested in a total of 259,129,025 Shares.*
3. *Wealthy Platform owns the entire issued share capital of Grand Wealth and Peaceful World and indirect owns the entire issued share capital of Real Potential through Peaceful World, and was indirectly interested in 101,201,040 Shares.*
4. *The percentage figures are based on the number of Shares in issue as at the Latest Practicable Date (i.e. 1,571,359,420 Shares).*

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of Part XV of the SFO.



**3. DIRECTORS' INTERESTS IN CONTRACT AND ASSET**

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

**4. 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 Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes or may compete, whether directly or indirectly, with the business of the Group or had any other conflict which any person has or may have with the Group pursuant to the Listing Rules.

**6. MATERIAL LITIGATION**

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

**7. MATERIAL CONTRACTS**

The following material contract (not being contracts in the ordinary course of business) has been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and is or may be material:

- (i) the conditional subscription agreement dated 25 July 2023 and entered into between the Company as issuer and Ms. Chen Ying as subscriber in relation to the subscription of the 6% coupon convertible bonds due on the date falling on the first anniversary of its issue date (the “**Convertible Bonds**”) in the principal amount of HK\$30,000,000;
- (ii) the conditional subscription agreement dated 25 July 2023 and entered into between the Company as issuer and Ms. Lu Manxue as subscriber in relation to the subscription of the Convertible Bonds in the principal amount of HK\$8,000,000;

- (iii) the conditional subscription agreement dated 25 July 2023 and entered into between the Company as issuer and Ms. Trantallis Karin as subscriber in relation to the subscription of the Convertible Bonds in the principal amount of HK\$37,425,251.80; and
- (iv) the Sale and Purchase Agreement.

## **8. EXPERT AND CONSENT**

The following are the qualification of the expert who has been named in this circular or have given opinions, letters or advices contained in this circular:

| <b>Name</b>             | <b>Qualification</b> |
|-------------------------|----------------------|
| Roma Appraisals Limited | Independent valuer   |

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 March 2023, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, the above expert had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

## **9. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Chan. Mr. Chan is the executive Director, chief financial officer and company secretary of the Group. Mr. Chan joined the Group as the Group's financial controller in June 2019 and was appointed as company secretary of the Company in November 2019. He was appointed as an executive Director and chief financial officer of the Group on 1 March 2020. Mr. Chan has over 30 years of experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Chan has held senior finance positions in a number of listed companies and multinational corporations. He was also the director of an investment and business consultancy firm and has extensive experience in corporate finance and investment in the PRC and Hong Kong. He also possesses substantial working experience in public accountancy practice with an international accounting firm. Mr. Chan holds a bachelor's degree in economics from the University of Sydney in Australia. He is a member of the Chartered Accountants Australia and New Zealand

and the Hong Kong Institute of Certified Public Accountants. Mr. Chan is currently an independent non-executive director of Ev Dynamics (Holdings) Limited (stock code: 476), the shares of which are listed on the Main Board of the Stock Exchange. He is also currently an independent non-executive director of Indigo Star Holdings Limited (stock code: 8373), the shares of which are listed on the GEM of the Stock Exchange.

- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The English text of the circular shall prevail over the respective Chinese text in the case of inconsistency.

#### **10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.carrianna.com](http://www.carrianna.com)) for a period of 14 days from the date of this circular:

- (a) the valuation report of the Disposal Company as set out in Appendix II to this circular;  
and
- (b) the written consent referred to in the paragraph headed “8. Expert and Consent” in this appendix.