THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Tangshang Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the 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.

CHINA TANGSHANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES

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

A letter from the Board is set out on pages 4 to 13 of this circular.

The Disposal has been approved by written shareholder's approval obtained from each of Mr. Chen and Grand Nice as the shareholders which together hold more than 50% of the issued Shares. Accordingly, no Shareholders' meeting will be held to approve the SP Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

22 January 2021

CONTENTS

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

"Board"	the board of Directors
"Boren Cultural"	Boren Cultural Development Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	China Tangshang Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 674)
"Completion"	completion of the SP Agreement in accordance with its terms and conditions
"Completion Date"	the date on which Completion takes place
"connected person(s)"	has the meaning as ascribed to it under the Listing Rules
"Consideration"	the total consideration of HK$800,000 (or such other currency of equivalent value) payable by the Purchaser to Boren Cultural under the Disposal in accordance with the terms of the SP Agreement
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares by Boren Cultural to the Purchaser
"Grand Nice"	Grand Nice International Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Chen
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Lastest Practicable Date"	18 January 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chen"	Mr. Chen Weiwu, the chairman of the Company and an executive Director
"Nanjing Creative"	Nanjing Creative Eastern 8 Zone Technology Co., Ltd.* (南京創意東八區科技有限責任公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Target Company
"Nanjing Yinkun"	Nanjing Yinkun Investment Corporation Co., Ltd.* (南京垠坤投資實業有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of Nanjing Creative
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan)
"Purchaser"	Iwork Trading Technology Company Limited, a company incorporated in Hong Kong with limited liability
"Sale Shares"	6,000 shares of the Target Company, representing 60% of the issued share capital of the Target Company as at the date of the SP Agreement
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)

"SP Agreement"	the conditional sale and purchase agreement dated 1 December 2020 and entered into between Boren Cultural and the Purchaser in relation to the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Elite-China Cultural Development Limited, a company incorporated in Hong Kong with limited liability and an non-wholly owned subsidiary of Boren Cultural
"Target Group"	the Target Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent

The English transliterations of the Chinese names in this circular, where indicated with "", are included for information purpose only, and should not be regarded as the official English names of such Chinese names.*

CHINA TANGSHANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

Executive Directors:
Mr. Chen Weiwu *(Chairman)*
Mr. Zhou Houjie

Independent non-executive Directors:
Mr. Chen Youchun
Ms. Lui Mei Ka
Mr. Zhou Xin

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1201, 12/F.
29 Austin Road
Tsim Sha Tsui
Hong Kong

22 January 2021

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES

INTRODUCTION

References are made to the announcements of the Company dated 1 December 2020 and 8 December 2020 respectively in relation to the Disposal, which constituted a major transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with (i) further details of the Disposal; and (ii) other information as required under the Listing Rules.

This circular is despatched to the Shareholders for information purposes only. No general meeting will be convened to approve the Disposal as the Company had obtained written approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from each of Mr. Chen and Grand Nice, which together hold more than 50% of the issued Shares of the Company as at the date of such approval. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal.

SP AGREEMENT

The major terms of the SP Agreement are set out below:

Date: 1 December 2020 (after trading hours)

Parties: (i) Boren Cultural, a wholly-owned subsidiary of the Company, as vendor

(ii) the Purchaser, as purchaser

The Purchaser is a company incorporated in Hong Kong and an investor with diversified investments in Hong Kong and the PRC. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is owned as to 100% by Nanjing Iwork Information Technology Company Limited* (南京愛沃客資訊科技有限公司), which is in turn owned as to 60% by Xing Ying (邢瑛) and 40% by Ling Mengjia (淩夢佳).

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

The Sale Shares held by Boren Cultural, representing 60% of the issued share capital of the Target Company as at the date of the SP Agreement, free from all encumbrances and together with all rights attaching thereto as from the Completion, including but not limited to all dividends paid, declared or made on the record date for the entitlement of which falls on or after the Completion Date.

Consideration

The Consideration of the sale and purchase of the Sale Shares was HK$800,000, which shall be paid by the Purchaser to Boren Cultural upon Completion in cash.

The Consideration was determined by the parties to the SP Agreement after arm's length negotiation having taking into consideration the following factors:

(i) Assets and operating value of the Target Group

The net asset value of the Target Group as at 30 September 2020 was approximately HK$9.3 million, of which the Group would have a shared value of approximately HK$5.6 million by virtue of holding 60% of the interest in the Target Company. However, the net asset position of the Target Group was considered to be of least referencing value because the majority part of which was contributed by investment property by reason of the long-term leases entered into by the Target Group. Upon the adoption of HKFRS 16, all leases are recognised in the consolidated statement of financial position as right-of-use/investment assets and lease liabilities, with the narrow exception for leases with low-value underlying assets or are determined as short-term leases. The value of the leases in respect of the leased properties in Nanjing (the "**Property**") has been classified as asset and liability in accordance with the applicable accounting principle, whereas the operating costs for carrying out the sub-leasing business at the Property (e.g. property maintenance fees and staff cost etc.) have not been properly reflected when assessing the liability and the value of the Target Group due to accounting treatment. The majority of sub-leasees of the Property are small to medium technology companies, and in light of the weak market sentiment as a result of the impact of COVID-19 pandemic and its impact on the sector in the PRC, the sub-leasing rate of the Property has been declining over the past year, while the Target Group still requires to maintain its spending for maintenance of the Property and its daily operations. It is noted that the operating costs for carrying out the sub-leasing business in Nanjing amounted to approximately HK$11,135,000 for the six months ended 30 September 2020.

(ii) Business model of the Target Group

Having considered the nature of the sub-leasing business in Nanjing, the parties to the SP Agreement consider that the relevant segment adopts an asset-light business model. It is noted that upon excluding the leases classified as assets and liabilities under HKFRS 16, the net liabilities of the Target Group amounted to approximately HK$12,881,000, approximately HK$38,858,000 and approximately HK$50,542,000 as at 31 March 2019, 31 March 2020 and 30 September 2020 respectively. As such, the Company considers that the net asset value of the Target Group does not properly reflect the value of the sub-leasing business in Nanjing, and may not be a suitable basis for determining the Consideration. The parties to the SP Agreement consider that it is more appropriate to take into consideration the loss-making position of the Target Group for the 18 months ended 30 September 2020 when determining the Consideration.

(iii) Prospect of the sub-leasing business in Nanjing

The Target Group recorded a net loss of approximately HK$10,620,000 for the year ended 31 March 2020 and a net loss of approximately HK$46,372,000 for the six months ended 30 September 2020 respectively. As disclosed in the announcement of the Company dated 20 November 2020, it is expected that the Group would record a significant increase in loss for the six months ended 30 September 2020 when compared to the corresponding period in 2019, due to, among others, the weak market sentiment of the sub-leasing business in Nanjing as a result of the impact of COVID-19 pandemic, it is anticipated that the adverse market conditions for the sub-leasing business in Nanjing will continue in the near future. Having considered the deteriorating profitability and high operating costs for carrying out the sub-leasing business in Nanjing, the Company considers that the Target Group will incur more loss if the Company insists on an non-commercial Consideration for the Disposal and continues to operate the business under such adverse market conditions.

Based on the foregoing, the Board considers that the Consideration is fair and reasonable and on normal commercial terms having considered that the sub-leasing business in Nanjing has been loss-making and that the Disposal can cut loss and protect the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction or (where applicable) waiver of the following:

(1) the Purchaser having obtained all consents and approvals required in respect of the sale and purchase of the Sale Shares;

(2) Boren Cultural having obtained all consents and approvals required in respect of the sale and purchase of the Sale Shares;

(3) the approval from the Shareholders for the SP Agreement and the transactions contemplated thereunder in a special general meeting of the Company or by way of written approval(s) pursuant to the Listing Rules having been obtained;

(4) there being no incidents, facts or circumstances of the Purchaser that constitute or may constitute a breach of warranties given by the Purchaser or any terms under the SP Agreement; and

(5) there being no incidents, facts or circumstances of Boren Cultural that constitute or may constitute a breach of any warranties given by Boren Cultural or any terms under the SP Agreement.

The Purchaser may at its discretion at any time waive in writing the condition precedent set out in sub-paragraph (5) above. Boren Cultural may at its discretion at any time waive in writing the condition precedent set out in sub-paragraph (4) above. Save as aforesaid, none of the conditions precedent may be waived.

If all the conditions precedent shall not have been fulfilled (or, where applicable, waived) on or before 31 January 2021 or such later date as may be agreed in writing between Boren Cultural and the Purchaser, the SP Agreement shall cease to have effect immediately (save for the provisions relating to, among others, confidentiality, costs and expenses, notices and governing law), and no party to the SP Agreement shall have any rights and obligations towards each other save for any antecedent breaches.

As at the Latest Practicable Date, (i) the Purchaser has obtained all consents and approvals required as stated in the condition precedent set out in sub-paragraph (1), namely the passing of the resolutions of the board of directors of the Purchaser approving the sale and purchase of the Sale Shares; and (ii) Boren Cultural has obtained all consents and approvals required as stated in the condition precedent set out in sub-paragraph (2), namely the passing of the resolutions of the board of directors of Boren Cultural approving the sale and purchase of the Sale Shares. As at the Latest Practicable Date, all the conditions precedent have been fulfilled.

Completion

Subject to the fulfilment (or, where applicable, waived) in full of the conditions precedent set out in the paragraph headed "Conditions precedent" above, Completion shall take place on the third business day after all the conditions precedent have been fulfilled and/or waived (or such other date as may be agreed in writing between Boren Cultural and the Purchaser). As all the aforesaid conditions precedent have been fulfilled, Completion took place on 21 December 2020 in accordance with the terms and conditions of the SP Agreement.

Upon Completion, the Company ceased to have any interest in the Target Group. Each of the Target Company, Nanjing Creative and Nanjing Yinkun ceased to be a subsidiary of the Company and the financial results of the Target Group would no longer be consolidated into the financial results of the Group.

INFORMATION ON THE GROUP AND BOREN CULTURAL

The Company is a Hong Kong-based investment holding company principally engaged in the exhibition and property businesses. The Company has four segments. Exhibition-related business organizes exhibition events and meeting events. Food and beverages business represents the sales of food and beverages and restaurant operations. Money lending business represents the business of loan to customers, including individuals and corporation pursuant to the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Property sub-leasing, property development and investment businesses represent the sub-leasing and development of real estates and the leasing of investment properties.

Boren Cultural is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. Boren Cultural is principally engaged in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong and an investor with diversified investments in Hong Kong and the PRC. To the best of the knowledge, information and belief of the Directors, the Purchaser is owned as to 100% by Nanjing Iwork Information Technology Company Limited* (南京愛沃客資訊科技有限公司), which is in turn owned as to 60% by Xing Ying (邢瑛) and 40% by Ling Mengjia (凌夢佳).

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability and is owned as to 60% by Boren Cultural. It is principally engaged in investment holding. As at the date of the SP Agreement, the Target Company indirectly holds 100% of the equity interest in Nanjing Yinkun through Nanjing Creative. Each of Nanjing Creative and Nanjing Yinkun is a company established in the PRC and is principally engaged in sub-leasing business in Nanjing, the PRC.

Set out below is a summary of unaudited consolidated financial information of the Target Group prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 March 2020 and the six months ended 30 September 2020:

	For the year ended 31 March 2019	**For the year ended 31 March 2020**	**For the six months ended 30 September 2020**
	HK$'000 approximately (unaudited)	*HK$'000 approximately (unaudited)*	*HK$'000 approximately (unaudited)*
Revenue	39,821	50,797	17,045
Profit/(loss) before taxation	21,390	(9,920)	(46,372)
Profit/(loss) after taxation	20,649	(10,620)	(46,372)

	As at 31 March 2019	**As at 31 March 2020**	**As at 30 September 2020**
	HK$'000 approximately (unaudited)	*HK$'000 approximately (unaudited)*	*HK$'000 approximately (unaudited)*
Net (liabilities)/assets	(12,881)	54,879	9,353

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Group has recorded a net loss of approximately HK$10,620,000 for the year ended 31 March 2020 and a net loss of approximately HK$46,372,000 for the six months ended 30 September 2020 respectively. As disclosed in the announcement of the Company dated 20 November 2020, it is expected that the Group would record a significant increase in loss for the six months ended 30 September 2020 when compared to the corresponding period in 2019, due to, among others, the weak market sentiment of the sub-leasing business in Nanjing as a result of the impact of COVID-19 pandemic. It is anticipated that the adverse market conditions for the sub-leasing business in Nanjing will continue in the near future.

In particular, the majority of sub-leasees of the Property are small to medium technology companies, and in light of the weak market sentiment and its impact on the sector in the PRC, the sub-leasing rate of the Property has been declining over the past year, while the Target Group requires to maintain its spending for maintenance of the Property and its daily operations. The Company foresees that the business performance of the Target Group will continue to be unsatisfactory in the coming years. Therefore, the Company intends to restructure the existing sub-leasing business by disposing of the Target Group to cease the current sub-leasing business in Nanjing and expanding the sub-leasing business in Beijing with more stable lease market and lower business risk. The effect of the restructuring would be to shift the location of the Group's sub-leasing business from a second-tier city to a first-tier city in the PRC and improve the financial return to the Company and the performance of the Company, which in turn would be beneficial to the Shareholders as a whole. The Disposal is part of such restructuring and a development strategy of the Group. Details of the expansion of the sub-leasing business in Beijing was disclosed in the announcement of the Company dated 11 December 2020.

Taking into consideration of the foregoing and the gain from the Disposal as further illustrated below, the Board considers that the Disposal is a good opportunity for the Company to realize its investments in the sub-leasing business in Nanjing. The Board considers that the proceeds from the Disposal can strengthen the general working capital of the Group and allow the Group to reallocate its resources for other business development, namely to expand the sub-leasing business in Beijing and generate better return for the Shareholders.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPLICATIONS AND USE OF PROCEEDS FROM THE DISPOSAL

Earnings

Based on the unaudited interim condensed consolidated results of the Group for the six months ended 30 September 2020 as extracted from the Interim Report 2020 of the Group, assuming the Disposal had been completed on 30 September 2020, the revenue of the Group would decrease by approximately HK$17,045,000, and the expense would decrease by approximately HK$63,236,000. As a result, the loss of the Group would decrease by approximately HK$46,191,000. Therefore, the Disposal has no adverse impact on the earnings of the Group.

Based on (i) the unaudited consolidated net asset value of the Target Group attributable to the Company as at 30 September 2020; and (ii) the consideration for the Sale Shares, it is estimated that the Company will record a net gain of approximately HK$1,312,000 (subject to audit) as a result of the Disposal. Such net gain has also taken into account the estimated expenses (including stamp duty, professional fees and commission) in relation to the Disposal and the realisation of exchange reserve.

Assets and liabilities

Given that the Disposal is expected to generate an estimated net gain of approximately HK$1,312,000 (subject to audit) to the Company, the consolidated net asset value attributable to equity holders of the Company is expected to increase by approximately HK$1,312,000 (subject to audit) upon Completion. On the above basis and based on the unaudited consolidated financial statements of the Company as at 30 September 2020 after taking into account the effect of inter-company eliminations, the consolidated total assets of the Company is expected to decrease by approximately HK$230,733,000 (subject to audit), the consolidated total liabilities of the Group is expected to decrease by approximately HK$221,380,000 (subject to audit) and the non-controlling interests of the Company is expected to decrease by approximately HK$3,741,000 (subject to audit) upon Completion.

The net asset of the Target Company as at 30 September 2020 was approximately HK$9,353,000 and the equity attributable to owners of the Company was approximately HK$5,612,000 by virtue of holding 60% of the interest in the Target Company. When the Target Company is disposed of there will be a release of foreign exchange reserve of approximately HK$6,564,000 which consequently results in a gain on the Disposal of approximately HK$1,752,000. As such, upon Completion, the Company expects to recognize an unaudited estimated disposal gain of approximately HK$1,752,000. The net proceeds from the Disposal (after deducting transaction costs and professional expenses) are approximately HK$440,000. The Group intends to use such net proceeds to strengthen the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, neither the Purchaser nor any of its close associates hold any Shares and therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the SP Agreement and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company had obtained written approvals for the Disposal from each of Mr. Chen, who holds 800,000,000 Shares and Grand Nice, a company wholly-owned by Mr. Chen, which holds 579,806,977 Shares, representing in aggregate approximately 59.76% of the issued share capital of the Company as at the date of such approval and the Latest Practicable Date, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Board are of the opinion that, after taking into account the reasons as set out in the section headed "Reasons for and Benefits of the Disposal" in this circular, the terms of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

While a general meeting will not be required to be convened by the Company to approve the Disposal, if such a general meeting were to be convened by the Company, the Board would have recommended the Shareholders to vote in favour of the resolution(s) to approve the Disposal.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board
China Tangshang Holdings Limited
Chen Weiwu
Chairman

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the three financial years ended 31 March 2018, 2019 and 2020 including the notes thereto, have been disclosed in the respective annual reports of the Company. The auditor of the Company has not issued any qualified opinion on the Group's consolidated financial statements for the three financial years ended 31 March 2018, 2019 and 2020. The annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020; and the interim report for the period ended 30 September 2020 are published on the websites of HKEXnews (http://www.hkexnews.hk) and the Company (http://www.ts674.com) respectively.

The 2018 Financial Statements are set out from page 58 to 200 in the 2018 Annual Report which was published on 27 July 2018. The 2018 Annual Report is available on the websites of the Stock Exchange (http://www.hkexnews.com) and the Company (http://www.ts674.com) and is accessible via the following hyperlink:
https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727564.pdf

The 2019 Financial Statements are set out from page 59 to 236 in the 2019 Annual Report which was published on 25 July 2019. The 2019 Annual Report is available on the websites of the Stock Exchange (http://www.hkexnews.com) and the Company (http://www.ts674.com) and is accessible via the following hyperlink:
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0725/ltn20190725937.pdf

The 2020 Financial Statements are set out from page 63 to 228 in the 2020 Annual Report which was published on 28 July 2020. The 2020 Annual Report is available on the websites of the Stock Exchange (http://www.hkexnews.com) and the Company (http://www.ts674.com) and is accessible via the following hyperlink:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0728/2020072800454.pdf

The 2020 unaudited interim condensed consolidated results are set out from page 19 to 52 in the 2020 Interim Report which was published on 24 December 2020. The 2020 Interim Report is available on the websites of the Stock Exchange (http://www.hkexnews.com) and the Company (http://www.ts674.com) and is accessible via the following hyperlink:
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1224/2020122400427.pdf

2. INDEBTEDNESS

As at the close of business on 30 November 2020, being the latest practicable date for the purpose of preparing the indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$326.7 million, details of which are set out below:

	Approximate HK$ million
Bank and other borrowings, secured and guaranteed	
Repayable within one year	279.1
Repayable between one and two years	14.1
Repayable between two and within three years	6.5
	299.7
Amount due to related party, unsecured	27.0

Securities

As at 30 November 2020, Mr. Yang Lei (a director of certain subsidiaries of the Company), his spouse and a company beneficially owned by Mr. Yang Lei and his spouse (the "**Related Company**"), a related party and the independent third party companies respectively provided guarantees for certain bank and other borrowings of the Group. Certain assets of Mr. Yang Lei, his spouse, a related party, the Related Company, the independent third party companies, investment properties of the Group with carrying amounts of approximately HK$95,549,000 and certain shares of a subsidiary of the Group were also pledged to secure the aforesaid bank and other borrowings of the Group.

Guarantees

As at 30 November 2020, an indirect non-wholly owned subsidiary of the Company provided the guarantee in respect of loan facilities from financial institutions in the Peoples' Republic of China for the principal amount of up to RMB100,000,000 and RMB40,000,000 respectively to two independent third parties.

Lease liabilities

The lease liabilities as at 30 November 2020 were approximately HK$202.4 million.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorized or otherwise created but unissued, bank overdrafts or loans or term loans, other borrowings or other similar indebtedness, liabilities under acceptance, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 November 2020.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after due and careful enquiry and taking into account the existing bank balances and cash, internal resources, available credit facilities and the effect of the Disposal, the Group will have sufficient working capital for its present requirements for a period of 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 20 November 2020, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date on which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

China continued to advance its industrialisation and urbanisation, and deepen the supply-side reform. As the recurrent intensification of the Sino-US trade war may become a normalised phenomenon and exports to the United States may continue to weaken, economic development will be under pressure. However, driven by "The Belt and Road Initiative" and other favorable policies, domestic demand promotion, economic development structure adjustment and other measures to promote high-quality economic development will remain as the dominant trend. Therefore, the Directors expect the business environment to remain challenging, but are cautiously optimistic towards the overall outlook of the Group.

The management team and the Board are highly experienced in the real estate development industry in China and possess significant resources and networks in China which the Company expects to be able to leverage for its future development in the property sub-leasing, development and investment business sector.

The Group has continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group is working towards attaining a sustainable growth, and at the same time the Group is also continuously exploring and identifying other suitable investment opportunities (if any) to enhance its earning potential so as to enhance shareholder value as a whole.

Through disposing of the Target Group, the Group can reallocate its resources to expand the sub-leasing business in Beijing with more stable lease market and lower business risk. The Company believes that this would improve the financial return and performance of the Company which in return would be beneficial to the Company and the Shareholders as a whole.

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. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

Long positions in the ordinary shares of the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Chen	Beneficial owner	800,000,000	34.65%
	Interest of controlled corporation	579,806,977 *(Note)*	25.11%

Note: These Shares are owned by Grand Nice which is wholly and beneficially owned by Mr. Chen. By virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), Mr. Chen is deemed to be interested in an aggregate of 1,379,806,977 Shares, representing approximately 59.76% of the issued share capital of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (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 deemed or taken to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, other than the interests of the Directors and chief executive of the Company disclosed in the paragraph headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE" above, the following persons had interests or short position in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of the shareholding in the Company
Grand Nice *(Note 1)*	Beneficial owner	579,806,977	25.11%
Mr. Cheng Yang *(Note 2)*	Beneficial owner	76,180,000	3.30%
	Interest of the spouse	73,500	0.003%
China Resources National Corporation ("**CRNC**") *(Note 3)*	Interest of controlled corporations	66,666,666	2.89%

Notes:

(1) Grand Nice is wholly and beneficially owned by Mr. Chen who is an executive Director and the Chairman of the Company.

(2) Mr. Cheng Yang personally owned 76,180,000 Shares of the Company and his wife, Ms. Bai Xue, owned 73,500 Shares of the Company.

(3) To the best knowledge of the Directors, Commotra Company Limited is a wholly-owned subsidiary of China Resources (Holding) Company Limited, which is a wholly-owned subsidiary of CRC Bluesky Limited ("**CRCB**"), which is in turn wholly-owned by China Resources Co., Limited, which is in turn wholly owned by CRNC.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL CONTRACTS

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

(a) the acquisition agreement entered into between Shenzhen Tangshang Industrial Park Management Co., Ltd., Shenzhen Jinqi Group Co., Ltd., Shenzhen Jinfan Investment Development Co., Ltd. ("**Shenzhen Jinfan**"), and Mr. Zeng PinLian on 21 May 2019 in relation to the sale and purchase of the 73% equity interest in Shenzhen Jinfan at the consideration of RMB40 million, details of which are set out in the announcement of the Company dated 21 May 2019;

(b) the sale and purchase agreement entered into between Great Regal Limited, Mr. Li Jiexin and 855 Crown Property Investment Co., Ltd. ("**855 Crown Property**") on 5 September 2019 in relation to the sale and purchase of the 49% of the equity interest of 855 Crown Property at the consideration of US$1, details of which are set out in the announcement of the Company dated 5 September 2019;

(c) the guarantee agreement dated 3 September 2019 entered into by Nanjing Yinkun in favour of Bank of Jiangsu in relation to the loan facility for the principal amount of up to RMB100,000,000 provided by Bank of Jiangsu to Nanjing Ruiyixiang Network Technology Co., Ltd., details of which are set out in the announcement of the Company dated 8 November 2019;

(d) the lease contracts dated 27 December 2019 entered into between Beijing Mingchuang Business Management Co., Ltd ("**Beijing Mingchuang**") and Beijing Tian'an Innovation Technology and Estates Limited ("**BTIT**") in relation to Building Nos. 15, 32, 38, 40, 41, 54, 62 and 63, No. 109, Jinghaisanlu, Beijing Economic-Technological Development Area, Beijing, the PRC, details of which are set out in the announcement of the Company dated 27 December 2019;

(e) the equity sale and purchase agreement dated 9 April 2020 entered into between the Company and Mr. Chen in relation to the acquisition of the entire issued share capital of Topper Genius Investments Limited at the consideration of HK$196,861,538 (the "**VSA**"), details of which are set out in the announcement of the Company dated 9 April 2020;

(f) the guarantee agreement dated 29 October 2020 entered into by Nanjing Yinkun in favour of Bank of Nanjing in relation to the loan facility for the principal amount of up to RMB40,000,000 provided by Bank of Nanjing to Nanjing Yinrui Wanjin Intelligent Technology Co., Ltd.*(南京垠瑞萬錦智能科技有限公司), details of which are set out in the announcement of the Company dated 29 October 2020;

(g) the SP Agreement; and

(h) the lease contracts dated 11 December 2020 entered into between Beijing Mingchuang and BTIT in relation to Building Nos. 12, 27, 52, 53, 56, 58, 59, 60, 61 and 69, No. 109 Jinghaisanlu, Beijing Economic-Technological Development Area, Beijing, the PRC, details of which are set out in the announcement of the Company dated 11 December 2020.

Upon Completion, all guarantees previously provided by the Target Group (including Nanjing Yinkun), including but not limited to the guarantees provided by Nanjing Yinkun under the material contracts set out in sub-paragraphs 4(c) and 4(f) above ceased to have any effect on the Company.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigation or claim of material importance that is known to the Directors to be pending or threatened against the Group.

6. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into a service agreement with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. DIRECTORS INTEREST IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules except that Mr. Chen is an ultimate beneficial owner of (i) Beijing Tian'an Innovation Technology and Estates Limited* (北京天安科創置業有限公司) ("**BTIT**"), which is principally engaged in construction, property development and related business in the PRC; and (ii) a bare land in Dongguan, the PRC for residential use. As the Board is independent of the board of BTIT, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

8. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any asset which have been since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; or (ii) any subsisting material interest in any contract or arrangement at the date of this circular which is significant in relation to the business of the Group.

9. GENERAL

(a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The principal place of business of the Company in Hong Kong is located at Unit 1201, 12/F., 29 Austin Road, Tsim Sha Tsui, Hong Kong.

(c) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong.

(e) The company secretary of the Company is Hung Hing Hung ("**Mr. Hung**"). Mr. Hung is a member of Hong Kong Institute of Certified Public Accountants.

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong located at Unit 1201, 12/F., 29 Austin Road, Tsim Sha Tsui, Hong Kong from the date of this circular up to and including the date falling on fourteenth day from the date of this circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(c) the annual reports of the Company for the three years ended 31 March 2018, 31 March 2019 and 31 March 2020, and the interim report for the six months ended 30 September 2020;

(d) the letter from the Board as set out in this circular;

(e) the circular of the Company dated 22 June 2020 in relation to the VSA; and

(f) this circular.