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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)**

**(1) PLACING OF SHARES UNDER GENERAL MANDATE;  
(2) PLACING OF CONVERTIBLE BONDS UNDER  
GENERAL MANDATE;  
(3) CONNECTED TRANSACTION IN RELATION TO THE  
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;  
AND  
(4) APPLICATION FOR WHITEWASH WAIVER**

**(1) PLACING OF SHARES UNDER GENERAL MANDATE**

On 8 March 2021 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Share Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 125,708,754 Placing Shares at the Share Placing Price of HK\$0.45 per Placing Share to not less than six Share Placees who and whose ultimate beneficial owners are Independent Third Parties. The maximum gross proceeds from the Share Placing will be approximately HK\$56,569,000. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Share Placing, the maximum number of the Placing Shares under the Share Placing represent:

- (a) approximately 10.00% of the existing issued share capital of the Company of 1,257,087,536 Shares as at the date of this announcement;
- (b) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares;
- (c) approximately 8.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares; and
- (d) approximately 7.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Conversion Shares.

## **(2) PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

On 8 March 2021 (after the trading hours of the Stock Exchange), the Company and the Placing Agent entered into the CB Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six CB Placees who and whose ultimate beneficial owners are Independent Third Parties to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$75,425,251.80. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

The 125,708,753 Conversion Shares (based on the initial Conversion Price of HK\$0.60) to be issued upon full conversion of the Convertible Bonds represent:

- (a) approximately 10.00% of the existing issued share capital of the Company at the date of this announcement;
- (b) approximately 9.09% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares; and
- (c) approximately 7.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Conversion Shares.

### **(3) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**

On 8 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Shares Subscription Agreement with the Subscribers, pursuant to which, (i) the Company has conditionally agreed to allot and issue, and Mr. KC Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25; and (ii) the Company has conditionally agreed to allot and issue, and Mr. KY Ma has conditionally agreed to subscribe for the 94,281,565 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share for a total consideration of HK\$42,426,704.25. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate.

The Subscription Shares represent:

- (a) approximately 15.00% of the existing issued share capital of the Company as at the date of this announcement;
- (b) approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares);
- (c) approximately 12.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares; and
- (d) approximately 11.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and the Conversion Shares.

### **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares, the Subscription Shares and the Conversion Shares.

#### **(4) APPLICATION FOR WHITEWASH WAIVER**

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

Upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 51.75% of the issued share capital of the Company. Assuming completion of the Share Placing and the CB Placing did not take place, upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 56.25% of the issued share capital of the Company. Given that the Shares Subscription has the effect of increasing the holding of voting rights in the Company by the Subscribers and parties acting in concert with them by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of completion of the Shares Subscription, unless the Whitewash Waiver is granted, the Subscribers are under an obligation to make a mandatory general offer to acquire all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code.

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

#### **LISTING RULES IMPLICATIONS**

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

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

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

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

The independent financial adviser will be appointed to advise the IBC in respect of the Shares Subscription, the Specific Mandate and the Whitewash Waiver. The Company will make another announcement upon the appointment of the independent financial adviser.

## **GENERAL**

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

A circular containing, among other things, (i) further details of the Shares Subscription Agreement (including the Specific Mandate); (ii) the Whitewash Waiver; (iii) recommendation of the IBC to the Independent Shareholders; (iv) the letter of advice from the independent financial adviser to the IBC and the Independent Shareholders in relation to the Shares Subscription Agreement, the Specific Mandate and the Whitewash Waiver; and (v) a notice of SGM together with the form of proxy will be despatched by the Company to the Shareholders within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

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

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

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

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

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

## **(1) PLACING OF SHARES UNDER GENERAL MANDATE**

On 8 March 2021 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Share Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 125,708,754 Placing Shares at the Share Placing Price of HK\$0.45 per Placing Share to not less than six Share Placees who and whose ultimate beneficial owners are Independent Third Parties. The principal terms of the Share Placing Agreement are set out below.

### **THE SHARE PLACING AGREEMENT**

**Date** 8 March 2021 (after trading hours of the Stock Exchange)

#### **Parties**

|               |                   |
|---------------|-------------------|
| Issuer        | The Company       |
| Placing Agent | The Placing Agent |

Pursuant to the terms of the Share Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 125,708,754 Placing Shares to independent Share Placees. The terms of the Share Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Share Placing Agreement are fair and reasonable based on current market conditions.

The Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **Share Placing commission**

The Placing Agent will charge the Company a placing commission equivalent to 1% of the aggregate Share Placing Price for the Placing Shares successfully placed by the Placing Agent plus all out-of-pocket expenses reasonably and properly incurred by the Placing Agent in relation to the Share Placing.

### **Placing Shares**

Assuming that there will be no change in the issued share capital of the Company and no outstanding Share Options being exercised between the date of this announcement and the completion of the Share Placing, the maximum number of the Placing Shares under the Share Placing represent:

- (a) approximately 10.00% of the existing issued share capital of the Company of 1,257,087,536 Shares as at the date of this announcement;
- (b) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares;
- (c) approximately 8.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares; and
- (d) approximately 7.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Conversion Shares.

The aggregate nominal value of the maximum number of the Placing Shares under the Share Placing will be HK\$12,570,875.40.

### **Ranking of Placing Shares**

The Placing Shares under the Share Placing will rank, upon allotment and issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Share Placing Price**

The maximum gross proceeds from the Share Placing will be approximately HK\$56,569,000.

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

- (a) a discount of 10% to the closing price of HK\$0.500 as quoted on the Stock Exchange on the date of the Share Placing Agreement; and
- (b) a discount of approximately 12.45% to the average closing price of HK\$0.514 in the last five consecutive trading days immediately prior to the date of the Share Placing Agreement.

The Share Placing Price of the Share Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Share Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Share Placing is in the interests of the Company and the Shareholders as a whole.

### **General Mandate to allot and issue of the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 251,417,507 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 50% upon the allotment and issue of the 125,708,754 Placing Shares.

## **Condition of the Share Placing**

Completion of the Share Placing is conditional upon fulfilment of the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked; and
- (b) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Share Placing Agreement and the transactions contemplated thereunder having been obtained.

Each of the Placing Agent and the Company shall use their respective best endeavours to procure the satisfaction of the above conditions on or before 29 March 2021 or such later date as agreed between the Company and the Placing Agent in writing (the “**Long Stop Date**”). If any of the above conditions is not satisfied on or before the Long Stop Date, all obligations of the Placing Agent and of the Company under the Share Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Share Placing Agreement save in respect of (i) any antecedent breaches of any obligation thereunder; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements under the Share Placing Agreement.

The Share Placing is not inter-conditional with the CB Placing and/or the Shares Subscription.

## **Completion of the Share Placing**

Completion of the Share Placing shall take place on the third Business Day after the fulfilment of the above conditions precedent or on such other date as the Company and the Placing Agent may agree in writing.

## **Termination**

The Placing Agent reserves its right to terminate the Share Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Share Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Share Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Share Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Share Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Share Placing or makes it inadvisable or inexpedient for the Share Placing to proceed; or
- (d) any statement contained in this announcement or all announcements and circulars issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the interim report of the Company for the six months ended 30 September 2020 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Share Placing; or
- (e) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Share Placing, the CB Placing or the Shares Subscription); or
- (f) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Share Placing Agreement.

Upon termination of the Share Placing Agreement as described above, all liabilities of the parties to the Share Placing Agreement shall cease and determine and no party to the Share Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Share Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Share Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements under the Share Placing Agreement.

## **(2) PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

On 8 March 2021 (after the trading hours of the Stock Exchange), the Company and the Placing Agent entered into the CB Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six CB Placees who and whose ultimate beneficial owners are Independent Third Parties to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$75,425,251.80. The principal terms of the CB Placing Agreement are set out below.

**Date** 8 March 2021 (after trading hours of the Stock Exchange)

### **Parties**

**Issuer** The Company

**Placing Agent** The Placing Agent

The terms of the CB Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the CB Placing Agreement are fair and reasonable based on current market conditions.

The Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **CB Placing commission**

The Placing Agent will charge the Company a placing commission equivalent to 1% of the aggregate principal amount of the Convertible Bonds actually placed by the Placing Agent plus all out-of-pocket expenses reasonably and properly incurred by the Placing Agent in relation to the CB Placing.

### **Condition of the CB Placing**

Completion of the CB Placing is conditional upon fulfilment of the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, all of the Conversion Shares and such listing and permission not subsequently being revoked;
- (b) all necessary consents and approvals as may be obtained by the Company and the Placing Agent having been obtained for the CB Placing; and
- (c) there being no event of default (as set out in the terms of the Convertible Bonds disclosed in this announcement) having occurred or occurring.

If any of the above conditions are not fulfilled on or before 29 March 2021 or such later date as may be agreed between the Placing Agent and the Company in writing, each of the Company and the Placing Agent may, at any time thereafter, terminate its obligations under the CB Placing Agreement by notice in writing to the other party, whereupon the obligations of each of the Company and the Placing Agent under the CB Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

The CB Placing is not inter-conditional with the Share Placing and/or the Shares Subscription.

### **Completion of the CB Placing**

Completion of the CB Placing shall take place on the third Business Day after the fulfilment of the above conditions precedent or on such other date as the Company and the Placing Agent may agree in writing.

## **Termination**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the CB Placing Agreement by notice in writing to the Company given at any time up to 8:00 a.m. on the date of completion of the CB Placing if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the CB Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the CB Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the CB Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the CB Placing or makes it inadvisable or inexpedient for the CB Placing to proceed; or
- (d) any statement contained in this announcement or all announcements and circulars issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the interim report of the Company for the six months ended 30 September 2020 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the CB Placing; or
- (e) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the CB Placing, the Share Placing or the Shares Subscription); or
- (f) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the CB Placing Agreement.

Upon termination of the CB Placing Agreement, all liabilities of the parties thereto thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the CB Placing Agreement save in respect of (i) any antecedent breach of any obligation under the CB Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements under the CB Placing Agreement.

### **Convertible Bonds**

The principal terms of the Convertible Bonds are summarised below:

|                             |  |
|-----------------------------|--|
| Issuer:                     | The Company  |
| Aggregate principal amount: | Up to HK\$75,425,251.80  |
| Issue price:                | 100% of the principal amount   |
| Maturity date:              | The date immediately following the expiry of two years from the date of issue of the Convertible Bonds or if that is not a Business Day, the first Business Day thereafter.  |
| Interest rate:              | The Convertible Bonds will bear interest from the date of issue at the rate of 3% per annum on the principal amount of the Convertible Bonds outstanding, accrued daily on a 365-day year basis and payable by the Company semi-annually in arrears. |

Conversion price:

Initially HK\$0.60 per Conversion Share, subject to adjustments for, among other matters, (i) consolidation or sub-division of Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issues or grant of options or warrants to Shareholders to subscribe for Shares at a price which is less than 80% of the then market price of the Shares; (v) issue of convertible or exchangeable securities with the total effective consideration per Share at less than 80% of the then market price of the Shares or any rights of conversion, exchange or subscription attached to such securities are modified so that the said total effective consideration per Share is less than 80% of the then market price of the Shares; or (vi) issue of any Shares wholly for cash at a price per Share which is less than 80% of the then market price; and (vii) issue of new Shares for the acquisition of asset at a total effective consideration per Share less than 80% of the then market price of the Shares, in accordance with the provisions of the Convertible Bonds, save that no adjustment to the Conversion Price will be made for the allotment and issue of the Placing Shares and the Subscription Shares.

The initial Conversion Price is higher than the Share Placing Price and the Subscription Price taking into account that the Convertible Bonds are interest bearing and the conversion rights attached to the Convertible Bonds are exercisable at the discretion of the CB Holders.

|                                     |  |
|-------------------------------------|--|
| Conversion Shares:                  | Based on the principal amount of the Convertible Bonds of HK\$75,425,251.80, the Convertible Bonds is convertible into not more than 125,708,753 Conversion Shares at the initial conversion price of HK\$0.60 per Conversion Share (subject to adjustments).  |
| Conversion period:                  | The period commencing from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the maturity date of the Convertible Bonds.  |
| Conversion rights and restrictions: | The holder of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted; and (ii) the exercise of the conversion right attached to the Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the Listing Rules. |

|  |   |
|--|---|
| Early redemption at the option of the Company: | The Company shall be entitled at its sole discretion, by giving not less than seven days' notice to the holders of the Convertible Bonds, propose to the holders to redeem the outstanding Convertible Bonds (in multiples of HK\$1,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding Convertible Bonds together with all outstanding interest accrued thereon at any time after the date of issue of the Convertible Bonds up to and including the date falling seven days immediately before the maturity date of the Convertible Bonds. |
| Ranking of the Conversion Shares:              | The Conversion Shares, when allotted and issued, shall rank <i>pari passu</i> in all respects with the Shares in issue on the relevant conversion date including the right to all dividends or other distributions, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date.  |
| Voting rights:                                 | The CB Holders shall not have any right to attend or vote in any general meeting of the Company.  |
| Transferability:                               | Subject to compliance with the Listing Rules (if any), the Convertible Bonds may be transferred or assigned in whole or in part in integral multiples of HK\$1,000,000 by the CB Holders to any party, save and except that the Convertible Bonds shall not be transferred to a connected person of the Company unless with the prior written consent of the Company.   |

- Listing: No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Event of default: Any CB Holder may at any time before the maturity date of the Convertible Bonds serve a written notice on the Company and demand the Company to redeem the Convertible Bonds upon the occurrence of the following events:
- (i) a default is made in the payment of principal amount, interest and entitlements due in respect of any of the Convertible Bonds and such default is not cured within 30 days; or
  - (ii) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the instrument or in the conditions of the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal, premium (if any), interest and entitlements in respect of any of the Convertible Bonds) and such default continues for the period of 30 days next following the service by any CB Holder on the Company of notice specifying brief details of such default and requiring such default to be remedied; or

- (iii) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all its assets, otherwise, in any such case, other than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an ordinary resolution of CB Holder; or
- (iv) the Company becomes insolvent or is unable to pay its debts as and when they fall due or stops or suspends making payments (whether principal or interest) with respect to all or any class of debts or the Company shall initiate or consent to or suffer proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or takes any proceeding under any law for a readjustment or deferment of its obligations or make an assignment for the benefit of, or enter into any composition with, its creditors; or
- (v) the Shares cease to be listed on the Stock Exchange.

### **Number of Conversion Shares to be issued upon exercise of the conversion rights**

Assuming no outstanding Share Options being exercised, the 125,708,753 Conversion Shares (based on the initial Conversion Price of HK\$0.60) to be issued upon full conversion of the Convertible Bonds represent:

- (a) approximately 10.00% of the existing issued share capital of the Company at the date of this announcement;
- (b) approximately 9.09% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares; and
- (c) approximately 7.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Subscription Shares and the Conversion Shares.

### **General Mandate to allot and issue of the Conversion Shares**

The Conversion Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 251,417,507 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Conversion Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 50% upon the allotment and issue of the 125,708,753 Conversion Shares. The General Mandate will be fully utilised upon the allotment and issue of the 125,708,754 Placing Shares and the 125,708,753 Conversion Shares.

### **Conversion Price**

The initial Conversion Price of HK\$0.60 per Conversion Share represents:

- (a) a premium of 20% over the closing price of HK\$0.500 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement;

- (b) a premium of approximately 16.73% over the average of the closing prices of HK\$0.514 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the CB Placing Agreement.

The initial Conversion Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the CB Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the CB Placing is in the interests of the Company and the Shareholders as a whole.

### **(3) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**

On 8 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Shares Subscription Agreement with the Subscribers. The principal terms of the Shares Subscription Agreement are set out below.

#### **THE SHARES SUBSCRIPTION AGREEMENT**

**Date** 8 March 2021 (after trading hours of the Stock Exchange)

**Parties**

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

## Information of the Subscribers and Ma Family

Mr. KC Ma is the honorary chairman of the Board, an executive Director and a controlling Shareholder, the brother of Mr. KY Ma and father of Mr. John Ma. Mr. KY Ma is the chairman of the Board, an executive director, a substantial Shareholder of the Company and the brother of Mr. KC Ma. Mr. John Ma is the vice-chairman of the Board and an executive Director, and the son of Mr. KC Ma. As at the date of this announcement, Mr. KC Ma, Mr. KY Ma, Mr. John Ma and the parties acting in concert with them own an aggregate of 624,590,881 Shares, representing approximately 49.69% of the issued share capital of the Company, among which (i) as to 204,288,044 Shares are held by Mr. KC Ma; (ii) as to 184,121,625 Shares and 75,007,400 Shares are held by Regent World Investments Limited (“**Regent World**”) and Bond Well Investments Limited (“**Bond Well**”) respectively; the entire issued share capital of Regent World and 70% of the issued share capital of Bond Well are owned by a discretionary trust which Mr. KC Ma and his family are the objects of that discretionary trust; the remaining 30% of the issued share capital of Bond Well is owned by a discretionary trust which Mr. KY Ma and his family are the objects of it; (iii) as to 7,050,000 Shares are held by Ms. Cheung Lin Kiu, the spouse of Mr. KC Ma; (iv) as to 47,202,772 Shares are held by Mr. KY Ma; (v) as to 74,651,040 Shares and 19,050,000 Shares are held by Grand Wealth Investments Limited (“**Grand Wealth**”) and Peaceful World Limited (“**Peaceful World**”) respectively; the entire issued share capital of Grand Wealth and Peaceful World are owned by a discretionary trust which Mr. KY Ma and his family are the objects of that discretionary trust; (vi) as to 7,500,000 Shares are held by Real Potential Limited, the entire issued share capital of which is owned by Peaceful World; (vii) as to 3,200,000 Shares are held by Ms. Kwok Kit Mei, the spouse of Mr. KY Ma; (viii) as to 476,000 Shares are held by Mr. John Ma; and (ix) as to 2,044,000 Shares are held by Ms. Choi Ka Man, Carmen, the spouse of Mr. John Ma.

As at the date of this announcement, Mr. KC Ma has a security interest over 62,714,377 Shares, representing approximately 4.99% of the issued share capital of the Company which were charged in favour of him by Rainbow Choice as security for the RMB50 Million Loan A. The purpose of the RMB50 Million Loan A was for the investment of the real estate development project in Shenzhen, China by Mr. Ng Sze Ping, the borrower. As at the date of this announcement, the voting rights of the 62,714,377 Shares charged by Rainbow Choice as security for the RMB50 Million Loan A are still vested with Rainbow Choice. The Subscribers and parties acting in concert with them do not have any control of such voting rights. Apart from the RMB50 Million Loan A, the relevant share charge, custodian agreement among Mr. KC Ma, Rainbow Choice and a third party custodian for the charged Shares and the personal guarantee given by Ms. Chen Zhu Zhen, the spouse of Mr. Ng Sze Ping in respect of the RMB50 Million Loan A, there is no other relationship between Rainbow Choice, Ms. Chen Zhu Zhen, Mr. Ng Sze Ping and Mr. KC Ma.

As at the date of this announcement, Mr. KY Ma has a security interest over another 62,714,377 Shares (which is different from the 62,714,377 Shares charged in respect of the RMB50 Million Loan A), representing approximately 4.99% of the issued share capital of the Company which were charged in favour of him by Rainbow Choice as security for the RMB50 Million Loan B. The purpose of the RMB50 Million Loan B was for the investment of the real estate development project in Shenzhen, China by Mr. Ng Sze Ping, the borrower. As at the date of this announcement, the voting rights of the 62,714,377 Shares charged by Rainbow Choice as security for the RMB50 Million Loan B are still vested with Rainbow Choice. The Subscribers and parties acting in concert with them do not have any control of such voting rights. Apart from the RMB50 Million Loan B, the relevant share charge, custodian agreement among Mr. KY Ma, Rainbow Choice and a third party custodian for the charged Shares and the personal guarantee given by Ms. Chen Zhu Zhen in respect of the RMB50 Million Loan B, there is no other relationship between Rainbow Choice, Ms. Chen Zhu Zhen, Mr. Ng Sze Ping and Mr. KY Ma.

As at the date of this announcement, Mr. John Ma holds 1,000,000 Share Options which are exercisable from 20 February 2020 to 19 February 2025 and 1,000,000 Share Options which are exercisable from 20 February 2021 to 19 February 2026.

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

Rainbow Choice is not acting in concert with the Subscribers and the parties acting in concert with them.

### **The Subscription Shares**

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

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

- (a) approximately 15.00% of the existing issued share capital of the Company as at the date of this announcement;
- (b) approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares);
- (c) approximately 12.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares; and

- (d) approximately 11.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the Placing Shares and the Conversion Shares.

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

### **The Subscription Price**

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

- (a) a discount of 10% to the closing price of HK\$0.500 per Share on the date of the Shares Subscription Agreement; and
- (b) a discount of approximately 12.45% to the average closing price of HK\$0.514 per Share for the last 5 consecutive trading days immediately prior to date of the Shares Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market prices of the Shares and the trading performance of the Shares.

### **Conditions precedent**

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

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

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

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

### **Completion of the Shares Subscription**

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

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

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

- (a) has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of this announcement;
- (b) save as disclosed in this announcement, owns any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and which might be material to the transactions contemplated under the Shares Subscription Agreement and/or the Whitewash Waiver;
- (d) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Shares Subscription Agreement and/or the Whitewash Waiver;

- (e) has any agreements or arrangements to which he is a party which relate to the circumstances in which he may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Shares Subscription Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable);
- (f) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) any understanding, arrangement or agreement or special deal between (1) any Shareholder; and (2)(a) the Subscribers and any party acting in concert with them, or (b) the Company, its subsidiaries or associated companies; and
- (h) has any dealings in any securities of the Company within the six months prior to the date of this announcement.

## **REASONS FOR THE SHARE PLACING, CB PLACING AND THE SHARES SUBSCRIPTION AND USE OF PROCEEDS**

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

The maximum gross proceeds from the Share Placing, the CB Placing and the Shares Subscription will be approximately HK\$56,569,000, HK\$75,425,000 and HK\$84,853,000 respectively. The maximum net proceeds (after deducting placing commission and other relevant costs and expenses) from the Share Placing, the CB Placing and the Shares Subscription will be approximately HK\$55,736,000, HK\$74,418,000 and HK\$83,893,000 respectively. On such basis, the net issue price will be approximately HK\$0.4434 per Placing Share assuming the maximum number of the Placing Shares have been placed by the Placing Agent and HK\$0.4449 per Subscription Share.

The net proceeds from the Share Placing, the CB Placing and the Shares Subscription are intended to be used as to (i) approximately HK\$165 million for repayment of bank borrowings; and (ii) the remaining amount of approximately HK\$49 million of the net proceeds for the general working capital of the Group.

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

The Directors (including all the independent non-executive Directors) consider that the Share Placing Agreement and the CB Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Share Placing Agreement (including the Share Placing Price and the placing commission) and the CB Placing Agreement (including the Conversion Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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

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

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

## **EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY**

The shareholding structure of the Company (a) as at the date of this announcement; (b) immediately after completion of the Share Placing and the CB Placing but before completion of the Shares Subscription and conversion of any of the Convertible Bonds; (c) immediately after completion of the Share Placing, the CB Placing and the Shares Subscription but before conversion of any of the Convertible Bonds; and (d) immediately after completion of the Share Placing, the CB Placing and the Shares Subscription, and full conversion of the Convertible Bonds are set out below:



*Notes:*

1. On 9 October 2018, Rainbow Choice (a company wholly-owned by Ms. Chen Chu Zhen, being the spouse of Mr. Ng Sze Ping) charged (i) 62,714,377 Shares in favour of Mr. KC Ma as security for the RMB50 Million Loan A; and (ii) another 62,714,377 Shares in favour of Mr. KY Ma. as security for the RMB50 million Loan B. Apart from the RMB50 Million Loan A and the RMB50 Million Loan B, the relevant share charges, custodian agreements and the personal guarantees given by Ms. Chen Chu Zhen in respect of the RMB50 Million Loan A and the RMB50 Million Loan B, there is no other relationship between Rainbow Choice, Ms. Chen Zhu Zhen, Mr. Ng Sze Ping Mr. KC Ma and Mr. KY Ma.
2. Assuming all the Placing Shares will be placed by the Placing Agent to the Share Placees.
3. Assuming all the Convertible Bonds will be placed by the Placing Agent to the CB Holders and the number of the Conversion Shares is 125,708,753.

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

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

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares, the Subscription Shares and the Conversion Shares.

### **(4) APPLICATION FOR WHITEWASH WAIVER**

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

Upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 51.75% of the issued share capital of the Company. Assuming completion of the Share Placing and the CB Placing did not take place, upon completion of the Shares Subscription, the shareholding of the Subscribers and parties acting in concert with them in the Company will increase from approximately 45.17% to approximately 56.25% of the issued share capital of the Company. Given that the Shares Subscription has the effect of increasing the holding of voting rights in the Company by the Subscribers and parties acting in concert with them by more than 2% from the lowest percentage holding in the 12 month period ending on and inclusive of the date of completion of the Shares Subscription, unless the Whitewash Waiver is granted, the Subscribers are under an obligation to make a mandatory general offer to acquire all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them pursuant to Rule 26.1 of the Takeovers Code.

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

## **LISTING RULES IMPLICATIONS**

As the Subscribers are executive Directors and substantial Shareholders, the Subscribers are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the Shares Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders' approval requirements. The Subscribers and their respective associates will abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM. As Rainbow Choice charged 62,714,377 Shares in favour of Mr. KC Ma as security for the RMB50 Million Loan A and another 62,714,377 Shares in favour of Mr. KY Ma as security for the RMB50 Million Loan B, Rainbow Choice shall also abstain from voting on the relevant resolutions approving the Shares Subscription, the Specific Mandate and the Whitewash Waiver at the SGM.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

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

The independent financial adviser will be appointed to advise the IBC in respect of the Shares Subscription, the Specific Mandate and the Whitewash Waiver. The Company will make another announcement upon the appointment of the independent financial adviser.

## **GENERAL**

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

A circular containing, among other things, (i) further details of the Shares Subscription Agreement (including the Specific Mandate); (ii) the Whitewash Waiver; (iii) recommendation of the IBC to the Independent Shareholders; (iv) the letter of advice from the independent financial adviser to the IBC and the Independent Shareholders in relation to the Shares Subscription Agreement, the Specific Mandate and the Whitewash Waiver; and (v) a notice of SGM together with the form of proxy will be despatched by the Company to the Shareholders within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

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

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

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

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

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

## **DEFINITIONS**

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

|                     |   |
|---------------------|---|
| “acting in concert” | has the meaning ascribed to this term under the Takeovers Code  |
| “AGM”               | the annual general meeting of the Company convened on 28 August 2020  |
| “associates”        | has the meaning ascribed to this term under the Listing Rules   |
| “Board”             | the board of Directors  |
| “Business Day(s)”   | any day (not being a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and the Stock Exchange is open for business of dealing in securities throughout its normal trading hours |

|                              |  |
|------------------------------|--|
| “CB Holder(s)”               | holder of the Convertible Bonds  |
| “CB Placee(s)”               | any professional, institutional and/or other investor(s) to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for the Convertible Bonds pursuant to the CB Placing Agreement |
| “CB Placing”                 | the placing of the Convertible Bonds pursuant to the terms and conditions of the CB Placing Agreement under the General Mandate  |
| “CB Placing Agreement”       | the conditional placing agreement dated 8 March 2021 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the CB Placing   |
| “Company”                    | Carrianna Group Holdings Company Limited (佳寧娜集團控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 126)                  |
| “connected person”           | has the meaning ascribed to this term under the Listing Rules  |
| “controlling shareholder(s)” | has the meaning ascribed to this term under the Listing Rules  |
| “Conversion Price”           | initially HK\$0.60 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bonds)   |
| “Conversion Share(s)”        | the new Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds   |

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|----------------------------|---|
| “Convertible Bonds”        | the two-year 3% coupon unlisted convertible bond(s) in an aggregate principal amount of up to HK\$75,425,251.80 to be issued by the Company pursuant to the CB Placing Agreement  |
| “Director(s)”              | director(s) of the Company  |
| “Executive”                | the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)   |
| “General Mandate”          | the general mandate granted by the Shareholders to the Directors at the AGM to allot, issue or deal with 251,417,507 Shares, being 20% of the number of issued Shares as at the date of the AGM   |
| “Group”                    | the Company and its subsidiaries  |
| “Hong Kong”                | Hong Kong Special Administrative Region of the People’s Republic of China   |
| “IBC”                      | the independent board committee of the Company comprising all the independent non-executive Directors formed under the Takeovers Code and the Listing Rules for the purpose of giving a recommendation to the Independent Shareholders on the terms of the Shares Subscription, the Specific Mandate and the Whitewash Waiver and as to voting at the SGM |
| “Independent Shareholders” | Shareholders other than (i) the Subscribers, their associates and parties acting in concert with any of them including Mr. John Ma; and (ii) parties involved or interested in the Shares Subscription or the Whitewash Waiver  |

|                                |  |
|--------------------------------|--|
| “Independent Third party(ies)” | third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Codes) with any of the connected persons of the Company or any of their respective associates and are not Shareholders (except for the Placing Shares and the Conversion Shares which may be acquired by such third party(ies) under the Share Placing or upon conversion of the Convertible Bonds (if any)) and are not acting in concert with the Ma Family |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Ma Family”                    | Mr. KC Ma, Mr. KY Ma and Mr. John Ma   |
| “Mr. John Ma”                  | Mr. Ma Hung Ming, John, the vice-chairman of the Board and an executive Director and the son of Mr. KC Ma  |
| “Mr. KC Ma”                    | Mr. Ma Kai Cheung, the honorary chairman of the Board, an executive Director and a controlling Shareholder, the brother of Mr. KY Ma and the father of Mr. John Ma   |
| “Mr. KY Ma”                    | Mr. Ma Kai Yum, the chairman of the Board, an executive Director and a substantial Shareholder and the brother of Mr. KC Ma  |
| “Placing Agent”                | Wings Securities (HK) Limited, a licensed corporation to carry on type 1 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the exclusive agent of the Company to the Share Placing and the CB Placing  |
| “Placing Shares”               | an aggregate of up to 125,708,754 new Shares to be placed pursuant to the Share Placing Agreement and each a “Placing Share”   |
| “RMB50 Million Loan A”         | a loan in the principal amount of RMB50 million provided by Mr. KC Ma to Mr. Ng Sze Ping, an Independent Third Party, pursuant to a loan agreement dated 8 October 2018  |

|                           |  |
|---------------------------|--|
| “RMB50 Million Loan B”    | a loan in the principal amount of RMB50 million provided by Mr. KY Ma to Mr. Ng Sze Ping, an Independent Third Party, pursuant to a loan agreement dated 8 October 2018  |
| “Rainbow Choice”          | Rainbow Choice Holding Group Limited, a company wholly owned by Ms. Chen Zhu Zhen, the spouse of Mr. Ng Sze Ping   |
| “SFC”                     | Securities and Futures Commission of Hong Kong   |
| “SFO”                     | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “SGM”                     | the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver |
| “Share(s)”                | ordinary share(s) of HK\$0.10 each in the share capital of the Company and each a “Share”  |
| “Share Placee(s)”         | any professional, institutional and/or other investor(s) to be procured and selected by the Placing Agent in its sole discretion to subscribe for any of the Placing Shares  |
| “Share Placing”           | the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Share Placee(s) on the terms and subject to the conditions set out in the Share Placing Agreement  |
| “Share Placing Agreement” | the conditional placing agreement dated 8 March 2021 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the Share Placing  |
| “Share Placing Price”     | HK\$0.45 per Placing Share   |

|                                 |   |
|---------------------------------|---|
| “Share Option(s)”               | the options granted under the Share Option Scheme   |
| “Share Option Scheme”           | the share option scheme adopted by the Company on 24 August 2015  |
| “Shares Subscription”           | the subscription of the Subscription Shares at the Subscription Price by the Subscribers pursuant to the Shares Subscription Agreement                                    |
| “Shares Subscription Agreement” | the conditional subscription agreement dated 8 March 2021 and entered into between the Company and the Subscribers in relation to the Shares Subscription                 |
| “Shareholder(s)”                | holder(s) of the Share(s)   |
| “Specific Mandate”              | the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Subscription Shares |
| “Stock Exchange”                | The Stock Exchange of Hong Kong Limited   |
| “Subscribers”                   | Mr. KC Ma and Mr. KY Ma   |
| “Subscription Price”            | HK\$0.45 per Subscription Share   |
| “Subscription Shares”           | 188,563,130 new Shares to be issued by the Company to the Subscribers pursuant to the Shares Subscription   |
| “substantial Shareholder(s)”    | has the meaning ascribed thereto under the Listing Rules  |
| “Takeovers Code”                | The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)   |

|                    |  |
|--------------------|--|
| “Whitewash Waiver” | the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscribers to make a mandatory general offer for all the issued Shares and other securities of the Company other than those already owned or agreed to be acquired by the Subscribers and parties acting in concert with any of them which might otherwise arise as a result of the Subscribers subscribing for the Subscription Shares under the Shares Subscription Agreement |
| “HK\$”             | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                | per cent.  |

For and on behalf of the Board  
**Carrianna Group Holdings Company Limited**  
**Dr. Ma Kai Yum**  
*Chairman*

Hong Kong, 8 March 2021

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

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